

AMENDED IN SENATE AUGUST 22, 2014

AMENDED IN SENATE JULY 2, 2014

AMENDED IN ASSEMBLY MAY 28, 2014

AMENDED IN ASSEMBLY APRIL 2, 2014

CALIFORNIA LEGISLATURE—2013–14 REGULAR SESSION

ASSEMBLY BILL

No. 1717

Introduced by Assembly Member Perea

February 13, 2014

An act to amend, repeal, and add ~~Sections 224.4 and~~ *Section* 431 of, and to add and repeal Section 319 of, the Public Utilities Code, and to amend Section 41020 of, and to amend, repeal, and add Section 41030 of, to add and repeal Section 41033 of, and to add and repeal Part 21 (commencing with Section 42001) and Part 21.1 (commencing with Section 42100) of Division 2 of, the Revenue and Taxation Code, relating to telecommunications, and declaring the urgency thereof, to take effect immediately.

LEGISLATIVE COUNSEL'S DIGEST

AB 1717, as amended, Perea. Telecommunications: prepaid mobile telephony services: state surcharge and fees: local charges collection.

(1) The existing Emergency Telephone Users Surcharge Act generally imposes a surcharge on amounts paid by every person in the state for intrastate telephone service to provide revenues sufficient to fund “911” emergency telephone system costs. Amounts are determined annually by the Office of Emergency Services, and upon collection are paid to the State Board of Equalization on a monthly basis by the telephone service supplier and are deposited into the State Treasury to the credit

of the State Emergency Telephone Number Account in the General Fund, to be expended for limited purposes, including to pay the Department of General Services for its costs in administration of the “911” emergency telephone number system.

Under existing law, the Public Utilities Commission has regulatory authority over public utilities, including telephone corporations, and is authorized to fix just and reasonable rates and charges for services provided by those public utilities. Existing law establishes the Public Utilities Commission Utilities Reimbursement Account and authorizes the commission to annually determine a fee to be paid by every public utility providing service directly to customers or subscribers and subject to the jurisdiction of the commission, except for a railroad corporation. The commission is required to establish the fee, with the approval of the Department of Finance, to produce a total amount equal to that amount established in the authorized commission budget for the same year, and an appropriate reserve to regulate public utilities, less specified sources of funding. Existing law establishes the state’s telecommunications universal service programs and authorizes the commission to impose charges for the purpose of funding those programs. Pursuant to this authority, the commission has established 6 end-user surcharges to fund 6 universal service programs.

This bill would enact the Prepaid Mobile Telephony Service Surcharge Collection Act. The bill would establish a prepaid MTS surcharge, as defined, based upon a percentage of the sales price of each retail transaction that occurs in this state for prepaid mobile telephony services, as defined. The prepaid MTS surcharge would include the emergency telephone users surcharge, as defined, and PUC surcharges, as defined. The bill would require a seller, as defined, to collect the prepaid MTS surcharge, as provided, from a prepaid consumer, as defined, and remit the amounts collected to the State Board of Equalization pursuant to the Fee Collection Procedures Law, unless the seller is a direct seller, as defined. The bill would require the board, after deducting its administrative expenses, to deposit the amounts collected for the emergency telephone users surcharge into the Prepaid MTS 911 Account and to deposit the amounts collected for PUC surcharges into the Prepaid MTS PUC Account in the Prepaid Mobile Telephony Services Surcharge Fund, which the bill would establish in the State Treasury. If the seller is a direct seller, it would be required to remit the PUC surcharges to the commission, the emergency telephone users surcharge to the board, and the local charges to the local

jurisdiction or agency. The bill would require the commission to annually compute for prepaid mobile telephony services the commission's reimbursement fee and 6 universal service program surcharges, to post notice of those fees and surcharges on its Internet Web site, and to notify the State Board of Equalization and the Office of Emergency Services of the amounts and the computation method used to determine the amounts, which would be adjusted, as specified, and together would be the PUC surcharges.

The bill would, beginning with the 2016–17 fiscal year and ending with the 2018–19 fiscal year, require the board to calculate the net amounts collected pursuant to the MTS surcharge for the emergency telephone users surcharge during each fiscal year and to provide notification on its Internet Web site by December 15 following each fiscal year, whether the amount exceeds or is less than \$9,900,000. The bill would provide that if for any fiscal year the amount collected is less than \$9,900,000, the deficiency is the responsibility, on a pro rata basis, of each prepaid MTS provider based on each provider's share of total California intrastate prepaid mobile telephony service revenues as reported to the commission. The bill would require the commission to provide the board with information relative to each prepaid MTS provider's revenue and percentage sales upon request and authorize the board to enforce the obligation of each prepaid MTS provider by serving a notice in a prescribed manner.

The bill would require the commission, 30 days prior to adopting any adjustment to a reimbursement fee or universal service surcharge on both postpaid and prepaid intrastate service to prepare a prescribed resolution or other public document proposing the fee or surcharge adjustment and explaining the calculation of the new fee or surcharge, as specified, and would require the commission to make it available to the public and on the commission's Internet Web site.

The Moore Universal Telephone Service Act establishes the Universal Lifeline Telephone Service program in order to provide low-income households with access to affordable basic residential telephone service. Existing decisions of the commission exempt lifeline services from the commission's reimbursement fee and the 6 end-user surcharges that fund the state's 6 universal service programs.

This bill would exempt the purchase in a retail transaction in this state of prepaid mobile telephony services, either alone or in combination with mobile data or other services, by a consumer from the prepaid MTS surcharge and specified local charges if certain conditions are

met, including that the prepaid consumer is certified as eligible for the state lifeline program or federal lifeline program.

The bill would require the Office of Emergency Services to annually compute, as specified, the intrastate portion of the 911 surcharge to be collected on prepaid mobile telephony services, to post notice of those charges, and to notify the State Board of Equalization of the amount, which would be the emergency telephone users surcharge. The bill would require the Office of Emergency Services to prepare a prescribed summary of the calculation of the proposed 911 surcharge and make the summary available to the public and on its Internet Web site, as specified. Local charges would be computed pursuant to the Local Prepaid Mobile Telephony Services Collection Act, discussed below.

~~Existing law defines mobile telephony services for purposes of the Public Utilities Code.~~

~~This bill would revise that definition and incorporate that definition for purposes of the Prepaid Mobile Telephony Service Surcharge Collection Act.~~

(2) Existing law generally provides that the legislative body of any charter city may make and enforce all ordinances and regulations with respect to municipal affairs, as provided, including, but not limited to, a utility user tax in that municipality. Existing law generally provides that the legislative body of a city may levy any tax that may be levied by a charter city. Existing law further provides that the board of supervisors of any county may levy a utility user tax on the consumption of, among other things, telephone service, in the unincorporated area of the county.

This bill would, on and after January 1, 2016, suspend the authority of a city, county, or city and county, including any charter city, county, or city and county, to impose a utility user tax on the consumption of prepaid communications service at the rate specified in an ordinance adopted pursuant to existing law, and would instead require the utility user tax rate to be applied during that period under any ordinance to be at specified tiered rates, to be collected and administered as prescribed in the Prepaid Mobile Telephony Services Surcharge Collection Act. In addition, the bill would, on or after January 1, 2016, suspend the authority of a city, county, or city and county, including any charter city, county, or city and county, to impose a charge, that applies to prepaid mobile telephony service, on access to communication services or access to local “911” emergency telephone systems, in the city, county, or city and county at the rate as specified in an ordinance

adopted pursuant to existing law, and would instead require the charge rate to be applied during that period under any ordinance to be at specified rates, to be collected and administered as prescribed in the Prepaid Mobile Telephony Services Surcharge Collection Act. This bill would specify that a change in a utility user tax rate or access charge rate resulting from either the rate limitations or the end of the suspension period is not subject to voter approval under either statute or Article XIII C of the California Constitution. This bill would require these local charges imposed by a city, county, or a city and county be administered and collected by the State Board of Equalization, deposited in the Local Charges for Prepaid Mobile Telephony Services Fund, which this bill would create, and transmitted to the city, county, or a city and county, as provided.

This bill would allow a consumer to rebut the presumed location of a retail transaction for purposes of the collection of the local charges by filing a claim and declaration under penalty of perjury.

By expanding the crime of perjury, this bill would impose a state-mandated local program.

(3) The bill would repeal these provisions on January 1, 2020.

(4) *This bill would incorporate additional changes in Section 41030 of the Revenue and Taxation Code, proposed by SB 1211, to be operative only if SB 1211 and this bill are both chaptered and become effective on or before January 1, 2015, and this bill is chaptered last.*

(4)

(5) The Fee Collection Procedures Law makes a violation of any provision of the law, or of certain requirements imposed by the board pursuant to the law, a crime.

By expanding the application of the Fee Collection Procedures Law, the violation of which is a crime, this bill would impose a state-mandated local program.

The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that no reimbursement is required by this act for a specified reason.

(5)

(6) This bill would declare that it is to take effect immediately as an urgency statute.

Vote: $\frac{2}{3}$. Appropriation: no. Fiscal committee: yes.

State-mandated local program: yes.

The people of the State of California do enact as follows:

1 ~~SECTION 1. Section 224.4 of the Public Utilities Code is~~
2 ~~amended to read:~~

3 ~~224.4. (a) “Mobile data service” means the delivery of~~
4 ~~nonvoice information over a radio band licensed by the Federal~~
5 ~~Communications Commission, to a mobile device and includes~~
6 ~~nonvoice information communicated to a mobile telephony services~~
7 ~~handset, nonvoice information communicated to handheld personal~~
8 ~~digital assistant (PDA) devices and laptop computers, and mobile~~
9 ~~paging service carriers offering services on pagers and two-way~~
10 ~~messaging devices. “Mobile data service” includes mobile~~
11 ~~broadband service offering connectivity over a radio band licensed~~
12 ~~by the Federal Communications Commission. Unless specified to~~
13 ~~the contrary, “mobile data service” does not include nonvoice~~
14 ~~information communicated through a wireless local area network~~
15 ~~operating in the unlicensed radio bands, commonly known as a~~
16 ~~“Wi-Fi” network.~~

17 ~~(b) “Mobile paging service” means the transmission of coded~~
18 ~~radio signals over a radio band licensed by the Federal~~
19 ~~Communications Commission, for the purpose of activating~~
20 ~~specific small radio receivers designed to be carried by a person~~
21 ~~and to give an aural, visual, or tactile indication when activated.~~

22 ~~(c) “Mobile satellite telephone service” means voice~~
23 ~~communication to end users over a mobile satellite service~~
24 ~~involving the provision of commercial mobile radio service,~~
25 ~~pursuant to Parts 20 and 25 of Title 47 of the Code of Federal~~
26 ~~Regulations.~~

27 ~~(d) “Mobile telephony service” means commercially available~~
28 ~~interconnected mobile phone services that provide voice~~
29 ~~communication access to the public switched telephone network~~
30 ~~(PSTN), or a successor network, by way of mobile communication~~
31 ~~devices employing radiowave technology to transmit calls,~~
32 ~~including cellular radiotelephone, broadband Personal~~
33 ~~Communications Services (PCS), digital Specialized Mobile Radio~~
34 ~~(SMR), or another radio band licensed by the Federal~~
35 ~~Communications Commission. “Mobile telephony services” does~~
36 ~~not include mobile satellite telephone services or mobile data~~
37 ~~services used exclusively for the delivery of nonvoice information~~
38 ~~to a mobile device.~~

1 ~~(e) This section shall remain in effect only until January 1, 2020,~~
2 ~~and as of that date is repealed, unless a later enacted statute, that~~
3 ~~is enacted before January 1, 2020, deletes or extends that date.~~

4 SEC. 2. Section 224.4 is added to the Public Utilities Code, to
5 read:

6 224.4. ~~(a) “Mobile data service” means the delivery of~~
7 ~~nonvoice information to a mobile device and includes nonvoice~~
8 ~~information communicated to a mobile telephony services handset,~~
9 ~~nonvoice information communicated to handheld personal digital~~
10 ~~assistant (PDA) devices and laptop computers, and mobile paging~~
11 ~~service carriers offering services on pagers and two-way messaging~~
12 ~~devices. Unless specified, “mobile data service” does not include~~
13 ~~nonvoice information communicated through a wireless local area~~
14 ~~network operating in the unlicensed radio bands, commonly known~~
15 ~~as a “Wi-Fi” network.~~

16 ~~(b) “Mobile paging service” means the transmission of coded~~
17 ~~radio signals for the purpose of activating specific small radio~~
18 ~~receivers designed to be carried by a person and to give an aural,~~
19 ~~visual, or tactile indication when activated.~~

20 ~~(c) “Mobile satellite telephone service” means voice~~
21 ~~communication to end users over a mobile satellite service~~
22 ~~involving the provision of commercial mobile radio service,~~
23 ~~pursuant to Parts 20 and 25 of Title 47 of the Code of Federal~~
24 ~~Regulations.~~

25 ~~(d) “Mobile telephony service” means commercially available~~
26 ~~interconnected mobile phone services that provide access to the~~
27 ~~public switched telephone network (PSTN), or a successor network,~~
28 ~~via mobile communication devices employing radiowave~~
29 ~~technology to transmit calls, including cellular radiotelephone,~~
30 ~~broadband Personal Communications Services (PCS), and digital~~
31 ~~Specialized Mobile Radio (SMR). “Mobile telephony service”~~
32 ~~does not include mobile satellite telephone services or mobile data~~
33 ~~services used exclusively for the delivery of nonvoice information~~
34 ~~to a mobile device.~~

35 ~~(e) This section shall become operative on January 1, 2020.~~

36 SEC. 3.

37 SECTION 1. Section 319 is added to the Public Utilities Code,
38 to read:

39 319. (a) ~~The~~ *For purposes of this section, the following terms*
40 *have the following meanings:*

(1) “Direct seller,” “prepaid consumer,” “prepaid mobile telephony services,” “prepaid MTS provider,” “prepaid MTS surcharge,” and “Public Utilities Commission surcharges,” have the same meaning as defined in Section 42004 of the Revenue and Taxation Code.

(2) “Reimbursement fee” means a charge imposed by the commission pursuant to Chapter 2.5 (commencing with Section 401).

(3) “Universal service surcharge” means any charge imposed by the commission to support programs funded through one of the state’s universal service funds created pursuant to Chapter 1.5 (commencing with Section 270).

(b) The commission shall annually, on or before October 1 of each year, commencing October 1, 2015, compute a reimbursement fee as a percentage of the sales price for prepaid mobile telephony services, to be effective on January 1 of the following year and to be collected and remitted pursuant to the Prepaid Mobile Telephony Services Surcharge Collection Act (Part 21 (commencing with Section 42001) of Division 2 of the Revenue and Taxation Code). On or before October 8 of each year, commencing October 8, 2015, the commission shall post notice of the reimbursement fee on its Internet Web site and notify both the Office of Emergency Services and the State Board of Equalization of this information as well as the computation method used to determine the reimbursement fee.

~~(b)~~

(c) The commission shall annually, on or before October 1 of each year, commencing October 1, 2015, compute the ~~cumulative amount~~ individual and cumulative amounts of the telecommunications universal service surcharges as a percentage of the sales price for prepaid mobile telephony services, to be effective on January 1 of the following year and to be collected and remitted pursuant to the Prepaid Mobile Telephony Services Surcharge Collection Act (Part 21 (commencing with Section 42001) of Division 2 of the Revenue and Taxation Code). On or before October 8 of each year, commencing October 8, 2015, the commission shall post notice of the individual percentages and the cumulative surcharge on its Internet Web site and notify both the Office of Emergency Services and the State Board of Equalization of this information as well as the computation method used to determine the cumulative surcharge.

1 ~~(e)~~

2 ~~(d)~~ (1) Except for ~~the fees and surcharges that portion of the~~
3 ~~prepaid MTS surcharge that is the Public Utilities Commission~~
4 ~~surcharges~~, computed pursuant to subdivisions ~~(a) and (b)~~, ~~(b) and~~
5 ~~(c)~~, this section neither restricts the commission's authority to
6 adjust reimbursement fees or universal service surcharges nor
7 requires that they only be adjusted once annually.

8 (2) In annually computing reimbursement fees and universal
9 service surcharges to be collected and remitted to the commission
10 pursuant to this section, the commission shall adjust the fees and
11 surcharges to account for any past overcollection ~~or undercollection~~
12 of fees or surcharges from ~~prepaid mobile telephony service~~
13 ~~customers~~ *consumers* resulting from a reduction ~~in fees or or~~
14 ~~increase in the~~ surcharges made subsequent to December 31 of
15 the previous year.

16 ~~(3) In annually computing reimbursement fees and universal~~
17 ~~service surcharges to be collected and remitted to the commission~~
18 ~~pursuant to this section, the commission may adjust the fees and~~
19 ~~surcharges to account for any past undercollection of fees or~~
20 ~~surcharges from prepaid mobile telephony service customers~~
21 ~~resulting from an increase in fees or surcharges made subsequent~~
22 ~~to December 31 of the previous year.~~

23 ~~(4)~~

24 (3) If both upward and downward adjustments are made to
25 reimbursement fees and universal service surcharges subsequent
26 to December 31, the commission may adjust how collections are
27 deposited into the reimbursement and universal service accounts
28 so that overcollections or undercollections are minimized.

29 ~~(5)~~

30 (4) It is the intent of the Legislature that reimbursement fees
31 and universal service surcharges be applied, as much as possible,
32 in a competitively neutral manner that does not favor either prepaid
33 or postpaid payment for mobile telephony services, and that, over
34 time, collections of state charges from prepaid and postpaid ~~mobile~~
35 ~~telephony service customers~~ *consumers* balance out so that neither
36 pay a disproportionate amount.

37 ~~(6)~~

38 (5) At least 30 days prior to adopting any adjustment to a
39 reimbursement fee or universal service surcharge to be collected
40 and remitted to the commission on both postpaid and prepaid

1 intrastate service, the commission shall prepare a resolution or
2 other public document proposing the fee or surcharge adjustment
3 and explaining the calculation of the fee or surcharge. The
4 commission shall make the resolution or other public document
5 available to the public and on the commission's Internet Web site
6 and it shall include all of the following:

7 (A) The prior year revenues from the fee or surcharge, including,
8 but not limited to, revenues from prepaid service.

9 (B) Projected expenses and revenues from all sources, including,
10 but not limited to, prepaid service, for the purposes of the fee or
11 surcharge.

12 (C) The rationale for adjustment to the reimbursement fee or
13 universal service surcharge, including, but not limited to, all
14 impacts from prepaid-service MTS surcharge collection.

15 ~~(d)~~

16 (e) The commission shall have enforcement authority to ensure
17 the proper remittances over retail transactions of a prepaid MTS
18 provider pursuant to the Prepaid Mobile Telephony Services
19 Surcharge Collection Act (Part 21 (commencing with Section
20 42001) of Division 2 of the Revenue and Taxation Code). ~~For~~
21 ~~purposes of this section, "prepaid MTS provider" has the same~~
22 ~~meaning as defined in Section 42004 of the Revenue and Taxation~~
23 ~~Code. The commission shall collaborate with the State Board of~~
24 ~~Equalization in exercising its enforcement authority pursuant to~~
25 ~~this subdivision.~~

26 ~~(e)~~

27 (f) (1) A prepaid MTS provider shall remit to the commission
28 the fee established for telephone corporations pursuant to
29 subdivision (a) of Section 431 on the intrastate portion of the
30 revenues received for prepaid mobile telephony service through
31 December 31, 2015.

32 (2) A prepaid MTS provider shall remit to the commission the
33 telecommunications universal service surcharges established for
34 telephone corporations on the intrastate portion of the revenues
35 received for prepaid mobile telephony service through December
36 31, 2015.

37 ~~(f)~~

38 (g) (1) This section does not relieve a prepaid MTS provider
39 or direct seller of their continuing obligation to report prepaid

1 mobile telephony service revenues to the commission in a manner
2 prescribed by the commission.

3 (2) When reporting prepaid mobile telephony service revenues
4 to the commission, a prepaid MTS provider *or direct seller* shall
5 report the intrastate revenue portion subject to the reimbursement
6 fee and the telecommunications universal service surcharges, as
7 well as total state ~~wireless mobile telephony service~~ revenue.

8 (3) Reports made pursuant to this subdivision are subject to
9 Section 583 and any related orders of the commission.

10 ~~(g)~~

11 *(h)* This section shall remain in effect only until January 1, 2020,
12 and as of that date is repealed, unless a later enacted statute, that
13 is enacted before January 1, 2020, deletes or extends that date.

14 ~~SEC. 4.~~

15 *SEC. 2.* Section 431 of the Public Utilities Code is amended
16 to read:

17 431. (a) The commission shall annually determine a fee to be
18 paid by every electrical, gas, telephone, telegraph, water, sewer
19 system, and heat corporation and every other public utility
20 providing service directly to customers or subscribers and subject
21 to the jurisdiction of the commission other than a railroad, except
22 as otherwise provided in Article 2 (commencing with Section 421),
23 for common carriers and related businesses, and as otherwise
24 provided in Section 319, for ~~prepaid mobile telephony service~~
25 ~~providers~~; *a prepaid MTS provider, as defined in Section 42004*
26 *of the Revenue and Taxation Code.*

27 (b) The annual fee shall be established to produce a total amount
28 equal to that amount established in the authorized commission
29 budget for the same year, including adjustments for increases in
30 employee compensation, other increases appropriated by the
31 Legislature, and an appropriate reserve to regulate public utilities
32 less the amount to be paid from special accounts or funds pursuant
33 to Section 402, reimbursements, federal funds, and any other
34 revenues, and the amount of unencumbered funds from the
35 preceding year.

36 (c) This article shall not apply to any electrical cooperative as
37 defined in Chapter 5 (commencing with Section 2776) of Part 2.

38 (d) This section shall remain in effect only until January 1, 2020,
39 and as of that date is repealed, unless a later enacted statute, that
40 is enacted before January 1, 2020, deletes or extends that date.

1 ~~SEC. 5.~~

2 *SEC. 3.* Section 431 is added to the Public Utilities Code, to
3 read:

4 431. (a) The commission shall annually determine a fee to be
5 paid by every electrical, gas, telephone, telegraph, water, sewer
6 system, and heat corporation and every other public utility
7 providing service directly to customers or subscribers and subject
8 to the jurisdiction of the commission other than a railroad, except
9 as otherwise provided in Article 2 (commencing with Section 421).

10 (b) The annual fee shall be established to produce a total amount
11 equal to that amount established in the authorized commission
12 budget for the same year, including adjustments for increases in
13 employee compensation, other increases appropriated by the
14 Legislature, and an appropriate reserve to regulate public utilities
15 less the amount to be paid from special accounts or funds pursuant
16 to Section 402, reimbursements, federal funds, and any other
17 revenues, and the amount of unencumbered funds from the
18 preceding year.

19 (c) This article shall not apply to any electrical cooperative as
20 defined in Chapter 5 (commencing with Section 2776) of Part 2.

21 (d) On and after January 1, 1985, this article shall apply to
22 radiotelephone utilities as defined in Section 4902 as those
23 provisions read on December 31, 1984.

24 (e) This section shall become operative on January 1, 2020.

25 ~~SEC. 6.~~

26 *SEC. 4.* Section 41020 of the Revenue and Taxation Code is
27 amended to read:

28 41020. (a) A surcharge is hereby imposed on amounts paid
29 by every person in the state for both of the following:

30 (1) (A) Intrastate telephone communication service in this state.

31 (B) Notwithstanding subparagraph (A), on and after January 1,
32 2016, and before January 1, 2020, in lieu of the surcharge imposed
33 under subparagraph (A), a surcharge shall be imposed on amounts
34 paid for prepaid mobile telephony services pursuant to the Prepaid
35 Mobile Telephony Services Surcharge Collection Act (Part 21
36 (commencing with Section 42001)).

37 (2) VoIP service that provides access to the “911” emergency
38 system by utilizing the digits 9-1-1 by any service user in this state
39 commencing on January 1, 2009. The surcharge shall not apply to

1 charges for VoIP service where any point of origin or destination
2 is outside of this state.

3 (b) (1) Notwithstanding Section 41025, charges not subject to
4 the surcharge may be calculated by a service supplier based upon
5 books and records kept in the regular course of business, and, for
6 purposes of calculating the interstate revenue portion not subject
7 to the surcharge, a service supplier may also choose a reasonable
8 and verifiable method from the following:

9 (A) Books and records kept in the regular course of business.

10 (B) Traffic or call pattern studies representative of the service
11 supplier's business within California.

12 (C) For VoIP service only, the VoIP safe harbor factor
13 established by the FCC to be used to calculate the service supplier's
14 contribution to the federal Universal Service Fund. The FCC safe
15 harbor factor in effect for VoIP service on September 1 of each
16 year shall apply for the period of January 1 to December 31,
17 inclusive, of the next succeeding calendar year for purposes of this
18 method. At the time the FCC establishes a safe harbor factor for
19 the federal Universal Service Fund for VoIP service that is greater
20 than 75 percent for interstate revenue or abolishes the safe harbor
21 factor applicable to VoIP service, this method shall become void
22 and of no effect, in which case a VoIP service supplier may use
23 an alternative method approved in advance by the board, which
24 shall be available to all VoIP service suppliers. The FCC safe
25 harbor factor applicable to VoIP service, as described in this
26 subparagraph, is used solely as a mechanism to calculate the
27 charges not subject to the surcharge for VoIP service and is not
28 necessarily reflective of the intrastate portion of VoIP service. The
29 use of the FCC safe harbor factor authorized by this subdivision
30 shall not be interpreted to permit application of any intrastate
31 requirement, other than the surcharge imposed under this part,
32 upon VoIP service suppliers.

33 (2) Any method chosen by a service supplier shall remain in
34 effect for at least one calendar year.

35 (3) If a service supplier reasonably relies upon books and
36 records kept in the regular course of business or any documentation
37 that satisfies the reasonable and verifiable method, then the service
38 supplier's determination of the portion of the billed amount
39 attributable to services not subject to the surcharge shall be
40 rebuttably presumed to be correct. The service supplier's choice

1 of books and records or other method and surcharge billing practice
2 shall also be rebuttably presumed to be fair and legal business
3 practices.

4 (4) It is the intent of the Legislature that the provisions of
5 subparagraph (C) shall not be considered to be a precedent for the
6 application of the surcharge or any other tax or fee where a person
7 is required to collect a tax or fee imposed upon another.

8 (c) The surcharge imposed shall be at the rate of one-half of 1
9 percent of the charges made for the services to and including
10 November 1, 1982, and thereafter at a rate fixed pursuant to Article
11 2 (commencing with Section 41030).

12 (d) The surcharge shall be paid by the service user as hereinafter
13 provided.

14 (e) The surcharge imposed shall not apply to either of the
15 following:

16 (1) In accordance with the Mobile Telecommunications Sourcing
17 Act (Public Law 106-252), which is incorporated herein by
18 reference, to any charges for mobile telecommunications services
19 billed to a customer where those services are provided, or deemed
20 provided, to a customer whose place of primary use is outside this
21 state. Mobile telecommunications services shall be deemed
22 provided by a customer's home service provider to the customer
23 if those services are provided in a taxing jurisdiction to the
24 customer, and the charges for those services are billed by or for
25 the customer's home service provider.

26 (2) To any charges for VoIP service billed to a customer where
27 those services are provided to a customer whose place of primary
28 use of VoIP service is outside this state.

29 (f) For purposes of this section:

30 (1) "Charges for mobile telecommunications services" means
31 any charge for, or associated with, the provision of commercial
32 mobile radio service, as defined in Section 20.3 of Title 47 of the
33 Code of Federal Regulations, as in effect on June 1, 1999, or any
34 charge for, or associated with, a service provided as an adjunct to
35 a commercial mobile radio service, that is billed to the customer
36 by or for the customer's home service provider, regardless of
37 whether individual transmissions originate or terminate within the
38 licensed service area of the home service provider.

39 (2) "Customer" means (A) the person or entity that contracts
40 with the home service provider for mobile telecommunications

1 services, or with a VoIP service provider for VoIP service, or (B)
2 if the end user of mobile telecommunications services or VoIP
3 service is not the contracting party, the end user of the mobile
4 telecommunications service or VoIP service. This paragraph applies
5 only for the purpose of determining the place of primary use. The
6 term “customer” does not include (A) a reseller of mobile
7 telecommunications service or VoIP communication service, or
8 (B) a serving carrier under an arrangement to serve the mobile
9 customer outside the home service provider’s licensed service
10 area.

11 (3) “Home service provider” means the facilities-based carrier
12 or reseller with which the customer contracts for the provision of
13 mobile telecommunications services.

14 (4) “Licensed service area” means the geographic area in which
15 the home service provider is authorized by law or contract to
16 provide commercial mobile radio service to the customer.

17 (5) “Mobile telecommunications service” means commercial
18 mobile radio service, as defined in Section 20.3 of Title 47 of the
19 Code of Federal Regulations, as in effect on June 1, 1999.

20 (6) “Place of primary use” means the street address
21 representative of where the customer’s use of the mobile
22 telecommunications service or VoIP service primarily occurs, that
23 must be:

24 (A) The residential street address or the primary business street
25 address of the customer.

26 (B) With respect to mobile telecommunications service, within
27 the licensed service area of the home service provider.

28 (7) (A) “Reseller” means a provider who purchases
29 telecommunications services or VoIP service from another
30 telecommunications service provider or VoIP service and then
31 resells the services, or uses the services as a component part of,
32 or integrates the purchased services into, a mobile
33 telecommunications service or VoIP service.

34 (B) “Reseller” does not include a serving carrier with which a
35 home service provider arranges for the services to its customers
36 outside the home service provider’s licensed service area.

37 (8) “Serving carrier” means a facilities-based carrier providing
38 mobile telecommunications service to a customer outside a home
39 service provider’s or reseller’s licensed area.

(9) “Taxing jurisdiction” means any of the several states, the District of Columbia, or any territory or possession of the United States, any municipality, city, county, township, parish, transportation district, or assessment jurisdiction, or any other political subdivision within the territorial limits of the United States with the authority to impose a tax, charge, or fee.

(10) “VoIP service provider” means that provider of VoIP service with whom the end user customer contracts for the provision of VoIP services for the customer’s own use and not for resale.

(11) “Prepaid mobile telephony services” has the same meaning as in subdivision (k) of Section 42004.

~~SEC. 7.~~

SEC. 5. Section 41030 of the Revenue and Taxation Code is amended to read:

41030. (a) The Office of Emergency Services shall determine annually, on or before October 1, to be effective on January 1 of the following year, a surcharge *rate* pursuant to subdivision (b) that it estimates will produce sufficient revenue to fund the current fiscal year’s 911 costs.

(b) (1) ~~Commencing with the calculation made on October 1, 2014, the~~ The surcharge rate shall be determined by dividing the costs (including incremental costs) the Office of Emergency Services estimates for the current fiscal year of 911 costs approved pursuant to Article 6 (commencing with Section 53100) of Chapter 1 of Part 1 of Division 2 of Title 3 5 of the Government Code, less the available balance in the State Emergency Telephone Number Account in the General Fund, by its estimate of the charges for intrastate telephone communications services and VoIP service to which the surcharge will apply for the period of January 1, ~~2015,~~ to December 31, ~~2015;~~ inclusive, *of the next succeeding calendar year*; but in no event shall the surcharge rate in any year be greater than three-quarters of 1 percent or less than one-half of 1 percent.

(2) Commencing with the calculation made October 1, 2015, to be effective January 1, 2016, the surcharge shall be determined by dividing the costs (including incremental costs) the Office of Emergency Services estimates for the current fiscal year of 911 costs approved pursuant to Article 6 (commencing with Section 53100) of Chapter 1 of Part 1 of Division 2 of Title 3 5 of the Government Code, less the available balance in the State

Emergency Telephone Number Account in the General Fund, by its estimate of the charges for intrastate telephone communications services, the intrastate portion of prepaid mobile telephony services, and VoIP service to which the surcharge will apply for the period of January 1 to December 31, inclusive, of the next succeeding calendar year, but in no event shall the surcharge rate in any year be greater than three-quarters of 1 percent or less than one-half of 1 percent. In making its computation of the charges that are applicable to the intrastate portion of prepaid mobile telephony services, the Office of Emergency Services shall use the computation method developed by the Public Utilities Commission and reported to the Office of Emergency Services pursuant to subdivisions (a) and (b) of Section 319 of the Public Utilities Code.

(c) When determining the surcharge rates pursuant to this section, the office shall include the costs it expects to incur to plan, test, implement, and operate Next Generation 911 technology and services, including text to 911 service.

(d) The Office of Emergency Services shall notify the board of the surcharge amount collected pursuant to this part and the surcharge amount applicable to prepaid mobile telephony services by October 15 of each year.

(e) At least 30 days prior to determining the surcharge pursuant to subdivision (a), the Office of Emergency Services shall prepare a summary of the calculation of the proposed surcharge and make it available to the public and on its Internet Web site. The summary shall contain all of the following:

(1) The prior year revenues to fund 911 costs, including, but not limited to, revenues from prepaid service.

(2) Projected expenses and revenues from all sources, including, but not limited to, prepaid service to fund 911 costs.

(3) The rationale for adjustment to the surcharge determined pursuant to subdivision (b), including, but not limited to, all impacts from the surcharge collected pursuant to Part 21 (commencing with Section 42001).

(f) This section shall remain in effect only until January 1, 2020, and as of that date is repealed, unless a later enacted statute, that is enacted before January 1, 2020, deletes or extends that date.

SEC. 5.5. Section 41030 of the Revenue and Taxation Code is amended to read:

1 41030. (a) The Office of Emergency Services shall determine
2 annually, on or before October 1, *to be effective on January 1 of*
3 *the following year*, a surcharge rate *pursuant to subdivision (b)*
4 that it estimates will produce sufficient revenue to fund the current
5 fiscal year's 911 costs. ~~The~~

6 (b) (1) The surcharge rate shall be determined by dividing the
7 costs (including incremental costs) the Office of Emergency
8 Services estimates for the current fiscal year of 911 ~~plans costs~~
9 approved pursuant to ~~Section 53115~~ Article 6 (commencing with
10 Section 53100) of Chapter 1 of Part 1 of Division 2 of Title 5 of
11 the Government Code, less the available balance in the State
12 Emergency Telephone Number Account in the General Fund, by
13 its estimate of the charges for intrastate telephone communications
14 services and VoIP service to which the surcharge will apply for
15 the period of January 1 to December 31, inclusive, of the next
16 succeeding calendar year, but in no event shall ~~such~~ the surcharge
17 rate in any year be greater than three-quarters of 1 percent nor less
18 than one-half of 1 percent.

19 (2) Commencing with the calculation made October 1, 2015,
20 to be effective January 1, 2016, the surcharge shall be determined
21 by dividing the costs (including incremental costs) the Office of
22 Emergency Services estimates for the current fiscal year of 911
23 costs approved pursuant to Article 6 (commencing with Section
24 53100) of Chapter 1 of Part 1 of Division 2 of Title 5 of the
25 Government Code, less the available balance in the State
26 Emergency Telephone Number Account in the General Fund, by
27 its estimate of the charges for intrastate telephone communications
28 services, the intrastate portion of prepaid mobile telephony
29 services, and VoIP service to which the surcharge will apply for
30 the period of January 1 to December 31, inclusive, of the next
31 succeeding calendar year, but in no event shall the surcharge rate
32 in any year be greater than three-quarters of 1 percent or less than
33 one-half of 1 percent. In making its computation of the charges
34 that are applicable to the intrastate portion of prepaid mobile
35 telephony services, the Office of Emergency Services shall use the
36 computation method developed by the Public Utilities Commission
37 and reported to the Office of Emergency Services pursuant to
38 subdivisions (a) and (b) of Section 319 of the Public Utilities Code.

39 (c) When determining the surcharge rates pursuant to this
40 section, the office shall include the costs it expects to incur to plan,

1 *test, implement, and operate Next Generation 911 technology and*
2 *services, including text to 911 service, consistent with the plan*
3 *and timeline required by Section 53121 of the Government Code.*

4 *(d) The office shall notify the board of the surcharge rate*
5 *determined pursuant to this section and the surcharge rate*
6 *applicable to prepaid mobile telephony services by October 15 of*
7 *each year.*

8 *(e) At least 30 days prior to determining the surcharge pursuant*
9 *to subdivision (a), the Office of Emergency Services shall prepare*
10 *a summary of the calculation of the proposed surcharge and make*
11 *it available to the public, the Legislature, 911 Advisory Board,*
12 *and on its Internet Web site. The summary shall contain all of the*
13 *following:*

14 *(1) The prior year revenues to fund 911 costs, including, but*
15 *not limited to, revenues from prepaid service.*

16 *(2) Projected expenses and revenues from all sources, including,*
17 *but not limited to, prepaid service to fund 911 costs.*

18 *(3) The rationale for adjustment to the surcharge determined*
19 *pursuant to subdivision (b), including, but not limited to, all*
20 *impacts from the surcharge collected pursuant to Part 21*
21 *(commencing with Section 42001).*

22 *(f) This section shall remain in effect only until January 1, 2020,*
23 *and as of that date is repealed, unless a later enacted statute, that*
24 *is enacted before January 1, 2020, deletes or extends that date.*

25 ~~SEC. 8.~~

26 *SEC. 6.* Section 41030 is added to the Revenue and Taxation
27 Code, to read:

28 41030. (a) The Office of Emergency Services shall determine
29 annually, on or before October 1, a surcharge rate that it estimates
30 will produce sufficient revenue to fund the current fiscal year's
31 911 costs. The surcharge rate shall be determined by dividing the
32 costs (including incremental costs) the Office of Emergency
33 Services estimates for the current fiscal year of 911 plans approved
34 pursuant to Section 53115 of the Government Code, less the
35 available balance in the State Emergency Telephone Number
36 Account in the General Fund, by its estimate of the charges for
37 intrastate telephone communications services and VoIP service to
38 which the surcharge will apply for the period of January 1 to
39 December 31, inclusive, of the next succeeding calendar year, but

1 in no event shall ~~such~~ the surcharge rate in any year be greater
2 than three-quarters of 1 percent nor less than one-half of 1 percent.

3 (b) This section shall become operative on January 1, 2020.

4 SEC. 6.5. Section 41030 is added to the Revenue and Taxation
5 Code, to read:

6 41030. (a) The Office of Emergency Services shall determine
7 annually, on or before October 1, a surcharge rate that it estimates
8 will produce sufficient revenue to fund the current fiscal year's
9 911 costs. The surcharge rate shall be determined by dividing the
10 costs (including incremental costs) the Office of Emergency
11 Services estimates for the current fiscal year of 911 costs approved
12 pursuant to Article 6 (commencing with Section 53100) of Chapter
13 1 of Part 1 of Division 2 of Title 5 of the Government Code, less
14 the available balance in the State Emergency Telephone Number
15 Account in the General Fund, by its estimate of the charges for
16 intrastate telephone communications services and VoIP service
17 to which the surcharge will apply for the period of January 1 to
18 December 31, inclusive, of the next succeeding calendar year, but
19 in no event shall the surcharge rate in any year be greater than
20 three-quarters of 1 percent nor less than one-half of 1 percent.

21 (b) When determining the surcharge rate, the office shall include
22 the costs it expects to incur to plan, test, implement, and operate
23 Next Generation 911 technology and services, including text to
24 911 service, consistent with the plan and timeline required by
25 Section 53121 of the Government Code.

26 (c) At least one month before determining the surcharge rate
27 pursuant to subdivision (a), the office shall prepare a summary of
28 the calculation of the proposed surcharge and make it available
29 to the Legislature and the 911 Advisory Board, and on the office's
30 Internet Web site.

31 (d) This section shall become operative on January 1, 2020.

32 ~~SEC. 9.~~

33 SEC. 7. Section 41033 is added to the Revenue and Taxation
34 Code, to read:

35 41033. (a) For purposes of this section, the following terms
36 have the following meanings:

37 (1) ~~"Prepaid—"~~ "Direct seller," "prepaid mobile telephony
38 services" ~~has the same meaning~~ "services," "prepaid MTS
39 provider," "retail transaction," and "seller" have the same
40 meanings as defined in Section 42004.

1 ~~(2) “Prepaid MTS provider” has the same meaning as defined~~
2 ~~in Section 42004.~~

3 ~~(3)~~

4 (2) “Prepaid MTS 911 Account” means the Prepaid MTS 911
5 Account created in the Prepaid Mobile Telephony Services
6 Surcharge Fund pursuant to Section 42023.

7 ~~(4) “Retail transaction” has the same meaning as defined in~~
8 ~~Section 42004.~~

9 ~~(5) “Seller” has the same meaning as defined in Section 42004.~~

10 (b) (1) For each fiscal year, beginning with the 2016–17 fiscal
11 year and ending with the 2018–19 fiscal year, the board shall
12 calculate the following on or before the November 1 following the
13 end of that fiscal year:

14 (A) The total collections for the fiscal year of that portion of
15 the prepaid MTS surcharge that is for the emergency telephone
16 users surcharge, net of any amounts that a seller was permitted to
17 deduct and retain pursuant to subdivision (e) of Section 42010.

18 (B) Less the expenses incurred and reimbursed to the board for
19 the fiscal year from that portion of the prepaid MTS surcharge that
20 is for the emergency telephone users surcharge pursuant to
21 subdivision (e) of Section 42020.

22 (2) The board shall provide notification of whether the amount
23 calculated in this section exceeds or is less than nine million nine
24 hundred thousand dollars (\$9,900,000) on its Internet Web site by
25 December 15 following the calculation, along with the underlying
26 calculations, assumptions, and methodology.

27 (c) If for any fiscal year the calculation performed pursuant to
28 subdivision (b) results in an amount less than nine million nine
29 hundred thousand dollars (\$9,900,000), the deficiency shall be the
30 responsibility, on a pro rata basis of each prepaid MTS ~~provider,~~
31 *provider or direct seller*, as provided in this subdivision. The board
32 shall calculate the deficiency and bill each prepaid MTS provider
33 *or direct seller* its pro rata share of that deficiency based upon
34 each prepaid MTS provider’s *or direct seller’s* percentage share
35 of total California intrastate prepaid mobile telephony services
36 revenues, as reported to the Public Utilities Commission pursuant
37 to Section 319 of the Public Utilities Code for the prior fiscal year.

38 (d) *For each fiscal year, beginning with the 2016–17 fiscal year*
39 *and ending with the 2018–19 fiscal year, each prepaid MTS*
40 *provider or direct seller shall, on or before September 1 of each*

1 year, report to the board the amount of that portion of the prepaid
2 MTS surcharge that is for the emergency telephone users
3 surcharge, remitted by the provider or seller pursuant to
4 subdivision (f) of Section 42010 for the prior fiscal year.

5 ~~(d)~~

6 (e) The Public Utilities Commission, within 45 days of request,
7 shall provide the board the name and address of each prepaid MTS
8 provider and direct seller and each prepaid MTS provider's and
9 direct seller's California intrastate prepaid mobile telephone
10 services revenue, along with the provider's and seller's percentage
11 share of total California intrastate prepaid mobile telephony
12 services revenue for the prior fiscal year, and any other information
13 the board deems necessary.

14 ~~(e)~~

15 (f) The obligation of each prepaid MTS provider and direct
16 seller shall be enforced by serving a notice in the manner prescribed
17 for service of a notice of a deficiency determination, not later than
18 three years after the date the board determines that the calculation
19 performed pursuant to subdivision (b) results in a deficiency for
20 the previous fiscal year. Notwithstanding any provisions to the
21 contrary in this part, a petition for a redetermination of a notice
22 issued pursuant to this subdivision may be filed within 60 days
23 after service upon the person of notice thereof. Solely for purposes
24 of a notice issued pursuant to this subdivision, interest shall begin
25 to accrue at the expiration of the 60-day period. If a petition for
26 redetermination is not filed within the 60-day period, the
27 determination becomes final at the expiration of that period. All
28 determinations made by the board under this section are due and
29 payable at the time they become final. If they are not paid when
30 due and payable, a penalty of 10 percent of the amount of the
31 determination, exclusive of interest and penalties, shall be added
32 thereto. Interest shall apply in accordance with Article 6
33 (commencing with Section 41095). The liability imposed by this
34 section shall be collected by the board in accordance with the
35 provisions of this part.

36 ~~(f)~~

37 (g) This section shall remain in effect only until January 1, _____
38 2020, and as of that date is repealed, unless a later enacted statute,
39 that is enacted before January 1, _____ 2020, deletes or extends
40 that date.

~~SEC. 10.~~

SEC. 8. Part 21 (commencing with Section 42001) is added to Division 2 of the Revenue and Taxation Code, to read:

**PART 21. PREPAID MOBILE TELEPHONY SERVICES
SURCHARGE COLLECTION ACT**

CHAPTER 1. GENERAL PROVISIONS AND DEFINITIONS

42001. This part shall be known, and may be cited, as the Prepaid Mobile Telephony Services Surcharge Collection Act.

42002. The Legislature finds and declares all of the following:

(a) Maintaining effective and efficient communications services, 911 emergency systems, communications-related public policy programs to promote universal service, and various local programs across the state benefits all persons with access to the telecommunications system.

(b) Providers of end-use communications services, including providers of mobile voice telecommunications services, which the Federal Communications Commission terms mobile telephony service, are required to collect and remit communications taxes, fees, and surcharges on various types of communication service revenues, as provided by existing state or local law.

(c) Consumers purchase prepaid mobile telephony services at a wide variety of retail locations and other distribution channels, as well as through service providers.

(d) Prepaid mobile telephony services are an important and growing segment of the communications industry. Prepaid mobile telephony services are often the only means by which persons with low incomes can obtain limited access to the telecommunications system.

(e) To ensure equitable contributions from end-use consumers of postpaid and prepaid mobile telephony services in this state, there should be standardization with respect to the method used to collect communications taxes, fees, and surcharges from end-use consumers of prepaid mobile telephony services.

(f) Prepaid mobile telephony services are frequently sold by a third-party retailer that is not the provider of mobile telephony services, and collecting taxes, fees, and surcharges from prepaid consumers of mobile telephony services at the time of the retail

1 transaction is necessary and the most efficient and competitively
2 neutral means of collection.

3 (g) An equitable distribution mechanism is necessary to ensure
4 that utility user taxes and other telecommunication charges are
5 collected on behalf of cities and counties and are properly
6 distributed to those jurisdictions.

7 42004. For purposes of this part, the following terms have the
8 following meanings:

9 (a) “Board” means the State Board of Equalization.

10 (b) (1) “Direct seller” means a prepaid MTS provider or service
11 supplier, as defined in Section 41007, that makes a sale of prepaid
12 mobile telephony services directly to a prepaid consumer for any
13 purpose other than resale in the regular course of business. A direct
14 seller includes, but is not limited, to any of the following:

15 (A) A telephone corporation, as defined by Section 234 of the
16 Public Utilities Code.

17 (B) An interconnected Voice over Internet Protocol (VoIP)
18 service, as defined in Section 285 of the Public Utilities Code.

19 (C) A retailer, as defined by Section 6203, that is a member of
20 the same commonly controlled group, as defined in Section 25105,
21 or that is a member of the same combined reporting group, as
22 defined in paragraph (3) of subdivision (b) of Section 25106.5 of
23 Title 18 of the California Code of Regulations, as an entity
24 described in subparagraph (A) or (B).

25 ~~(D) A retailer, as defined by Section 6203, that sells prepaid~~
26 ~~mobile telephony services to a prepaid consumer pursuant to an~~
27 ~~exclusive contract with a telephone corporation, as defined in~~
28 ~~Section 234 of the Public Utilities Code, where the retailer activates~~
29 ~~the prepaid wireless mobile telephony service at the point-of-sale~~
30 ~~for the consumer.~~

31 (2) For purposes of this subdivision, “sale” means any transfer
32 of title, possession, exchange, or barter, conditional or otherwise.

33 (c) “Emergency telephone users surcharge” means surcharges
34 authorized pursuant to the Emergency Telephone Users Surcharge
35 Act (Part 20 (commencing with Section 41001)) to be collected
36 from prepaid consumers of mobile telephony services.

37 (d) “In this state” means within the exterior limits of the State
38 of California and includes all territory within those limits owned
39 by or ceded to the United States of America.

1 (e) “Local charges” means those charges described in
2 subdivision (a) of Section 42101.

3 (f) “Local jurisdiction” or “local agency” means a city, county,
4 or city and county, which includes a charter city, county, or city
5 and county.

6 (g) “Mobile data service” has the same meaning as defined in
7 Section 224.4 of the Public Utilities Code.

8 (h) “Mobile telephony service” or “MTS” has the same meaning
9 as defined in Section 224.4 of the Public Utilities Code.

10 (i) “Person” includes any individual, firm, partnership, joint
11 venture, limited liability company, association, social club, fraternal
12 organization, corporation, estate, trust, business trust, receiver,
13 assignee for the benefit of creditors, trustee, trustee in bankruptcy,
14 syndicate, the United States, this state, any city, county, city and
15 county, municipality, district, or other political subdivision of the
16 state, or any other group or combination acting as a unit.

17 (j) “Prepaid consumer” ~~or “consumer”~~ means a person who
18 purchases prepaid mobile telephony services in a retail transaction.

19 (k) “Prepaid mobile telephony services” means the right to
20 utilize a mobile device for mobile telecommunications services or
21 information services, including the download of digital products
22 delivered electronically, content, and ancillary services, or both
23 telecommunications services and information services, that must
24 be purchased in advance of usage in predetermined units or dollars.
25 For these purposes, “telecommunications service” and “information
26 service” have the same meanings as defined in Section 153 of Title
27 47 of the United States Code.

28 (l) “Prepaid MTS provider” means a telephone corporation,
29 pursuant to Section 234 of the Public Utilities Code, that provides
30 prepaid mobile telephony services.

31 (m) “Prepaid MTS surcharge” means the surcharge that consists
32 of the emergency telephone users surcharge and the Public Utilities
33 Commission surcharges, as calculated pursuant to subdivision (b)
34 of Section 42010, that is required to be collected by a seller from
35 a prepaid consumer.

36 (n) “Public Utilities Commission surcharges” means surcharges
37 authorized by the Public Utilities Commission to be billed and
38 collected from end-use consumers of wireless communications
39 services, and of which the commission provides the board with

1 notice pursuant to Section 319 of the Public Utilities Code,
2 including:

3 (1) The California High-Cost Fund-A Administrative Committee
4 Fund program surcharge (Section 275.6 of the Public Utilities
5 Code).

6 (2) The California High-Cost Fund-B Administrative Committee
7 Fund program surcharge (Section 739.3 of the Public Utilities
8 Code).

9 (3) The Deaf and Disabled Telecommunications Program
10 Administrative Committee Fund surcharge (Section 2881 of the
11 Public Utilities Code).

12 (4) The California Teleconnect Fund Administrative Committee
13 Fund program surcharge (Section 280 of the Public Utilities Code).

14 (5) The California Advanced Services Fund program surcharge
15 (Section 281 of the Public Utilities Code).

16 (6) The Moore Universal Telephone Service Act (Article 8
17 (commencing with Section 871) of Chapter 4 of Part 1 of Division
18 1 of the Public Utilities Code).

19 (7) Public Utilities Commission reimbursement fees imposed
20 pursuant to Chapter 2.5 (commencing with Section 401) of Part 1
21 of Division 1 of the Public Utilities Code.

22 (o) “Retail transaction” means the purchase of prepaid mobile
23 telephony services, either alone or in combination with mobile
24 data or other services, from a seller for any purpose other than
25 resale in the regular course of business. For these purposes, a
26 “purchase” means any transfer of title or possession, exchange, or
27 barter, conditional or otherwise.

28 (p) “Seller” means a person that sells prepaid mobile telephony
29 service to a person in a retail transaction.

30
31 CHAPTER 2. THE PREPAID MOBILE TELEPHONY SERVICES
32 SURCHARGE

33
34 42010. (a) (1) On and after January 1, 2016, a prepaid MTS
35 surcharge shall be imposed on each prepaid consumer and shall
36 be collected by a seller from each prepaid consumer at the time of
37 each retail transaction in this state. The prepaid MTS surcharge
38 shall be imposed as a percentage of the sales price of each retail
39 transaction that occurs in this state.

1 (2) The prepaid MTS surcharge shall be in lieu of any charges
2 imposed pursuant to the Emergency Telephone Users Surcharge
3 Act (Part 20 (commencing with Section 41001)) and the Public
4 Utilities Commission surcharges for prepaid mobile telephony
5 services.

6 (b) The prepaid MTS surcharge shall be annually calculated by
7 the board by no later than November 1 of each year commencing
8 November 1, 2015, by adding the following:

9 (1) The surcharge rate reported pursuant to subdivision ~~(e)~~ (d)
10 of Section 41030.

11 (2) The Public Utilities Commission's reimbursement fee and
12 telecommunications universal service surcharges, established by
13 the Public Utilities Commission pursuant to subdivisions (a) and
14 (b) of Section 319 of the Public Utilities Code.

15 (c) (1) The board shall post, for each local jurisdiction, the
16 combined total of the rates of prepaid MTS surcharge and the rate
17 or rates of local charges, as calculated pursuant to Sections 42102
18 and 42102.5, that each local jurisdiction has adopted, not later than
19 December 1 of each year, on its Internet Web site. The posted
20 combined rate shall be the rate that applies to all retail transactions
21 during the calendar year beginning April 1 following the posting.

22 (2) Notwithstanding paragraph (1), if a local agency notifies
23 the board pursuant to subdivision (d) of Section 42101.5 that the
24 posted rate is inaccurate or it no longer imposes a local charge or
25 local charges or that the rate of its local charge or local charges
26 has decreased, the board shall promptly post a recalculated rate
27 that is applicable to the jurisdiction of that local agency. The
28 change shall become operative on the first day of the calendar
29 quarter commencing more than 60 days from the date the local
30 agency notifies the board of the inaccuracy or that it no longer
31 imposes a local charge or that the rate of its local charge has
32 decreased. Nothing in this section modifies the notice obligations
33 of Section 799 of the Public Utilities Code. However, beginning
34 January 1, 2016, the notification and implementation requirements
35 of paragraphs (5) and (6) of subdivision (a) of Section 799 of the
36 Public Utilities Code shall not apply to prepaid mobile telephony
37 services.

38 (3) *The board shall also separately post on its Internet Web site*
39 *the individual rates for each of the following:*

1 (A) *Each of the Public Utilities Commission surcharges that*
2 *make up the Public Utilities Commission surcharge portion of the*
3 *prepaid MTS surcharge, as reported pursuant to Section 319 of*
4 *the Public Utilities Code.*

5 (B) *The percentage for the emergency telephone users surcharge*
6 *reported pursuant to subdivision (c) of Section 41030.*

7 (C) *Each of the individual local charges reported pursuant to*
8 *Section 42101.5.*

9 ~~(3)~~

10 (4) A seller collecting the prepaid MTS surcharge and local
11 charges pursuant to this part and Part 21.1 (commencing with
12 Section 42100) may rely upon the accuracy of the information
13 posted on the board's Internet Web site in collecting ~~the state and~~
14 *remitting all amounts of the prepaid MTS surcharge and local*
15 *charges.*

16 (d) (1) Except for amounts retained pursuant to subdivision (e),
17 and except as provided in subdivision (f) for a seller that is a direct
18 seller, all amounts of the prepaid MTS surcharge and local charges
19 collected by sellers shall be remitted to the board pursuant to
20 Chapter 3 (commencing with Section 42020).

21 (2) A seller that is authorized to provide lifeline service under
22 the state lifeline program or federal lifeline program, that sells
23 prepaid mobile telephony services directly to the prepaid customer,
24 shall remit the prepaid MTS surcharge to the board, less any
25 applicable exemption from the surcharge that is applicable to the
26 retail transaction pursuant to Section 42012.

27 (e) A seller that is not a ~~prepaid MTS provider~~ *direct seller* shall
28 be permitted to deduct and retain an amount equal to 2 percent of
29 the amounts that are collected by the seller from prepaid consumers
30 for the prepaid MTS surcharge and local charges, on a pro rata
31 basis, according to that portion of the revenues collected by the
32 seller for each of the following:

33 (1) The emergency telephone users surcharge.

34 (2) The Public Utilities Commission surcharges.

35 (3) Local charges.

36 (f) ~~(1) A direct seller shall remit that the prepaid MTS surcharge~~
37 *and local charges as follows:*

38 (1) *That portion of the prepaid MTS surcharge that consists of*
39 *the Public Utilities Commission surcharges—directly to the*
40 *commission, and not to the board, for those retail transactions with*

1 a prepaid consumer in the state. The seller that is a telephone
2 corporation shall remit the Public Utilities Commission surcharges
3 *shall be remitted to the commission* with those reports required by
4 the commission.

5 (2) ~~A direct seller shall remit that~~ That portion of the prepaid
6 MTS surcharge that consists of the emergency telephone users
7 surcharge *shall be remitted* to the board pursuant to the Emergency
8 Telephone Users Surcharge Act (Part 20 (commencing with Section
9 41001)) for those retail transactions with a prepaid consumer in
10 the state.

11 (3) ~~A direct seller shall remit that portion of the prepaid MTS~~
12 ~~surcharge that is for local~~ Local charges, if applicable, *shall be*
13 *remitted* to the local jurisdiction or local agency imposing the local
14 charge. *Remittance of the local charges shall be separately*
15 *identified from any other local taxes or other charges that are*
16 *remitted to the local jurisdiction or local entity imposing the local*
17 *tax or other charge.*

18 (g) A direct seller shall utilize the amounts posted by the board
19 pursuant to subdivision (c) when determining what amounts to
20 remit to the Public Utilities Commission, board, and each local
21 jurisdiction or local agency.

22 (h) A prepaid MTS provider shall offer prepaid consumers the
23 option to make payment for additional prepaid usage directly to
24 the prepaid MTS provider at the provider's retail location or
25 Internet Web site.

26 ~~(g)~~

27 (i) The amount of the combined prepaid MTS surcharge and
28 local charges shall be separately stated on an invoice, receipt, or
29 other similar document that is provided to the prepaid consumer
30 of mobile telephony services by the seller, or otherwise disclosed
31 electronically to the prepaid consumer, at the time of the retail
32 transaction.

33 ~~(h)~~

34 (j) The prepaid MTS surcharge *that* is required to be collected
35 by a seller and any amount unreturned to the prepaid consumer of
36 mobile telephony services that is not owed as part of the surcharge,
37 but was collected from the prepaid consumer under the
38 representation by the seller that it was owed as part of the
39 surcharge, constitute debts owed by the seller to this state. The
40 local charge shall be collected by a seller, and any amount

1 unreturned to the prepaid consumer of mobile telephony services
2 that is not owed as part of the local charge but that was collected
3 from the prepaid consumer under the representation by the seller
4 that it was owed as part of the local charge constitutes a debt owed
5 by the seller jointly to the state, for purposes of collection on behalf
6 of, and payment to, the local jurisdiction and to the local
7 jurisdiction imposing that local charge.

8 (i)

9 (k) A seller that has collected any amount of prepaid MTS
10 surcharge and local charges in excess of the amount of the
11 surcharge imposed by this part and actually due from a prepaid
12 consumer may refund that amount to the prepaid consumer, even
13 though the surcharge amount has already been paid over to the
14 board and no corresponding credit or refund has yet been secured.
15 Any seller making a refund of any charge to a prepaid consumer
16 may repay therewith the amount of the surcharge paid.

17 (j)

18 (l) (1) Every prepaid consumer of mobile telephony services
19 in this state is liable for the prepaid MTS surcharge and any local
20 charges until they have been paid to this state, except that payment
21 to a seller registered under this part relieves the prepaid consumer
22 from further liability for the surcharge and local charges. Any
23 surcharge collected from a prepaid consumer that has not been
24 remitted to the board shall be a debt owed to the state by the person
25 required to collect and remit the surcharge. Any local charge
26 collected from a prepaid consumer that has not been remitted to
27 the board shall be a debt owed jointly to the state, for purposes of
28 collection on behalf of, and payment to, the local jurisdiction and
29 to the local jurisdiction imposing the local charge by the person
30 required to collect and remit the local charge. Nothing in this part
31 shall impose any obligation upon a seller to take any legal action
32 to enforce the collection of the surcharge or local charge imposed
33 by this section.

34 (2) A credit shall be allowed against, but shall not exceed, the
35 prepaid MTS surcharge and local charges imposed on any prepaid
36 consumer of mobile telephony services by this part to the extent
37 that the prepaid consumer has paid emergency telephone users
38 charges, state utility regulatory commission fees, state universal
39 service charges, or local charges on the purchase to any other state,
40 political subdivision thereof, or the District of Columbia. The credit

1 shall be apportioned to the charges against which it is allowed in
2 proportion to the amounts of those charges.

3 ~~(k)~~

4 (m) (1) A seller is relieved from liability to collect the prepaid
5 MTS surcharge imposed by this part that became due and payable,
6 insofar as the base upon which the surcharge is imposed is
7 represented by accounts that have been found to be worthless and
8 charged off for income tax purposes by the seller or, if the seller
9 is not required to file income tax returns, charged off in accordance
10 with generally accepted accounting principles. A seller that has
11 previously paid the surcharge may, under rules and regulations
12 prescribed by the board, take as a deduction on its return the
13 amount found worthless and charged off by the seller. If any such
14 accounts are thereafter in whole or in part collected by the seller,
15 the amount so collected shall be included in the first return filed
16 after such collection and the surcharge shall be paid with the return.

17 (2) The board may by regulation promulgate such other rules
18 with respect to uncollected or worthless accounts as it shall deem
19 necessary to the fair and efficient administration of this part.

20 42012. (a) For purposes of this section, “state lifeline program”
21 means the program furnishing lifeline voice communication service
22 pursuant to the Moore Universal Telephone Service Act (Article
23 8 (commencing with Section 871) of Chapter 4 of Part 1 of
24 Division 1 of the Public Utilities Code).

25 (b) The purchase in a retail transaction in this state of prepaid
26 mobile telephony services, either alone or in combination with
27 mobile data or other services, by a consumer is exempt from the
28 prepaid MTS surcharge if all of the following apply:

29 (1) The prepaid consumer is certified as eligible for the state
30 lifeline program or federal lifeline program.

31 (2) The seller is authorized to provide lifeline service under the
32 state lifeline program or federal lifeline program.

33 (3) The exemption is applied only to the amount paid for the
34 portion of the prepaid mobile telephony service that the lifeline
35 program specifies is exempt from the surcharges and fees that
36 comprise the prepaid MTS surcharge.

37 42014. (a) For purposes of this part, a retail transaction occurs
38 in the state under any of the following circumstances:

39 (1) The prepaid consumer makes the retail transaction in person
40 at a business location in the state (point-of-sale transaction).

(2) If paragraph (1) is not applicable, the prepaid consumer's address is in the state (known address transaction). A known-address transaction occurs in the state under any of the following circumstances:

(A) The retail sale involves shipping of an item to be delivered to, or picked up by, the prepaid consumer at a location in the state.

(B) If the prepaid consumer's address is known by the seller to be in the state, including if the seller's records maintained in the ordinary course of business indicate that the prepaid consumer's address is in the state and the records are not made or kept in bad faith.

(C) The prepaid consumer provides an address during consummation of the retail transaction that is in the state, including an address provided with respect to the payment instrument if no other address is available and the address is not given in bad faith.

(D) The mobile telephone number is associated with a location in this state.

(b) (1) A retail transaction shall occur at only one location for purposes of determining local charges. If the retail transaction is a point-of-sale transaction, the consumption of, use of, or access to, the prepaid mobile telephony service shall be presumed to be at that location.

(2) If the retail transaction is a known-address transaction, the location shall be as determined in descending order beginning with subparagraph (A) of paragraph (2) of subdivision (a); if subparagraph (A) of that paragraph is inapplicable, then pursuant to subparagraph (B) of that paragraph; if both subparagraphs (A) and (B) of that paragraph are inapplicable, then subparagraph (C) of that paragraph; and if subparagraphs (A), (B), and (C) of that paragraph are inapplicable, then subparagraph (D) of that paragraph. In a known address transaction, the consumption of, use of, or access to, the prepaid mobile telephony service shall be presumed to be at the known address.

(c) (1) A seller that relies in good faith on information provided by the board to match the location of a point-of-sale transaction to the applicable prepaid MTS surcharge amount and local charges, that collects that amount from the prepaid consumer, and that remits the amount to the board in compliance with this part, shall not be liable for any additional MTS surcharge or local charges

1 and shall not be required to refund any amounts collected and paid
2 to the board to the prepaid consumer.

3 (2) For a known-address transaction, the seller may collect the
4 prepaid MTS surcharge and local charges that correspond to the
5 five-digit postal ZIP Code of the prepaid consumer's address. A
6 seller that, with due diligence and in good faith, relies on credible
7 information to match the five-digit postal ZIP Code of the prepaid
8 consumer's address to the applicable prepaid MTS surcharge and
9 local charges amount, that collects that amount from the prepaid
10 consumer, and that remits the amount to the board in compliance
11 with this part, shall not be liable for any additional MTS surcharge
12 or local charges and shall not be required to refund any amounts
13 collected and paid to the board to the prepaid consumer, even if
14 the five-digit postal ZIP Code of the prepaid consumer's address
15 that the seller uses corresponds to more than one local charge.

16 42018. (a) Except as provided in subdivisions (b) and (c), if
17 prepaid mobile telephony services are sold in combination with
18 mobile data services or any other services or products for a single
19 price, then the prepaid MTS surcharge and local charges shall
20 apply to the entire price.

21 (b) If prepaid mobile telephone services are sold with a mobile
22 telephone service communication device, commonly termed a
23 cellular telephone, for a single, nonitemized price, then the prepaid
24 MTS surcharge and local charges shall apply to the entire
25 nonitemized price, except if the purchase price for the cellular
26 phone component of the bundled charge is disclosed to the prepaid
27 consumer on a receipt, invoice, or other written or electronic
28 documentation provided to the prepaid consumer, the prepaid MTS
29 surcharge and local charges may be calculated excluding the
30 separately stated price of the cellular telephone.

31 (c) If a minimal amount of prepaid mobile telephony service is
32 sold for a single, nonitemized price with a mobile telephony service
33 communications device, the seller shall not apply the prepaid MTS
34 surcharge or local charges to the transaction. For these purposes,
35 a service allotment denominated as 10 minutes or less, or five
36 dollars (\$5) or less, is a minimal amount.

CHAPTER 3. ADMINISTRATION

42020. (a) (1) The board shall administer and collect the prepaid MTS surcharge imposed by this part pursuant to the Fee Collection Procedures Law (Part 30 (commencing with Section 55001)). For purposes of this part, the references in the Fee Collection Procedures Law to “fee” shall include the prepaid MTS surcharge imposed by this part, and references to “feepayer” shall include a person required to pay the surcharge imposed by this part, which includes the seller, who shall be required to register with the board.

(2) Notwithstanding Article 1.1 (commencing with Section 55050) of Chapter 3 of Part 30, any person required, or that elects, to remit amounts due under Part 1 (commencing with Section 6001) by electronic funds transfer pursuant to Article 1.2 (commencing with Section 6479.3) of Chapter 5 of Part 1 shall remit prepaid MTS surcharge amounts due under this section by electronic funds transfer.

(b) (1) The board may prescribe, adopt, and enforce regulations relating to the administration and enforcement of this part, including, but not limited to, collections, reporting, refunds, and appeals.

(2) The board may prescribe, adopt, and enforce any emergency regulations as necessary to implement this part. Any emergency regulation prescribed, adopted, or enforced pursuant to this section shall be adopted in accordance with Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of Title 2 of the Government Code, and, for purposes of that chapter, including Section 11349.6 of the Government Code, the adoption of the regulation is an emergency and shall be considered by the Office of Administrative Law as necessary for the immediate preservation of the public peace, health and safety, and general welfare.

(c) The board shall establish procedures to be utilized by a seller to document that a sale is not a retail transaction.

(d) The board shall establish procedures for sharing of information, other than information protected under Section 19542, related to the collection of the prepaid MTS surcharge upon the request of the Public Utilities Commission or the Office of Emergency Services.

(e) The total combined annual expenses incurred for administration and collection by the board pursuant to this part and Part 21.1 (commencing with Section 42100) shall be allocated by the board on a pro rata basis according to revenues collected by the board for: (1) that portion of the prepaid MTS surcharge that is for the emergency telephone users surcharge, (2) that portion of the prepaid MTS surcharge that is for the Public Utilities Commission surcharges, and (3) local charges. *The board shall annually prepare a report showing the amount of both reimbursed and unreimbursed costs incurred by it in administering the collection of the prepaid MTS surcharge.*

(f) *This section applies only to those remittances of the prepaid MTS surcharge or local charges that are required to be remitted to the board pursuant to this part and as this section is made applicable to Part 21.1 (commencing with Section 42100) pursuant to subdivision (a) of Section 42103.*

42021. The board shall establish remittance schedules and methods for payment of the prepaid MTS surcharge that utilize existing methods established under the Sales and Use Tax Law (Part 1 (commencing with Section 6001)), including all of the following:

(a) The prepaid MTS surcharge, minus the amount retained by the seller pursuant to subdivision (e) of Section 42010, is due and payable to the board quarterly on or before the last day of the month following each calendar quarter.

(b) On or before the last day of the month following each calendar quarter, a return for the preceding calendar quarter shall be filed using electronic media with the board.

(c) Returns shall be authenticated in a form or pursuant to methods as may be prescribed by the board.

(d) *This section applies only to those remittances of the prepaid MTS surcharge or local charges that are required to be remitted to the board pursuant to this part and as this section is made applicable to Part 21.1 (commencing with Section 42100) pursuant to subdivision (a) of Section 42103.*

42022. Every seller shall register with the board. The board shall establish a method for registration of sellers under this part that utilizes the existing registration process for a seller's permit established pursuant to Section 6066 of the Sales and Use Tax Law (Part 1 (commencing with Section 6001)). Every application

1 for registration shall be made upon a form prescribed by the board
2 and shall set forth the name under which the applicant transacts
3 or intends to transact business, the location of its place or places
4 of business, and such other information as the board may require.
5 An application for registration shall be authenticated in a form or
6 pursuant to methods as may be prescribed by the board.

7 42023. (a) The Prepaid Mobile Telephony Services Surcharge
8 Fund is hereby created in the State Treasury. The Prepaid MTS
9 911 Account and the Prepaid MTS PUC Account are hereby
10 created in the fund. The Prepaid Mobile Telephony Services
11 Surcharge Fund shall consist of all surcharges, interest, penalties,
12 and other amounts collected and paid to the board pursuant to this
13 part, less payments of refunds and reimbursements to the board
14 for expenses incurred in the administration and collection of the
15 prepaid MTS surcharge.

16 (b) All moneys in the Prepaid Mobile Telephony Services
17 Surcharge Fund attributable to the prepaid MTS surcharge shall
18 be deposited as follows:

19 (1) That portion of the prepaid MTS surcharge that is for the
20 emergency telephone users surcharge shall be deposited into the
21 Prepaid MTS 911 Account. *All moneys deposited into the Prepaid*
22 *MTS 911 Account shall be transferred to the State Emergency*
23 *Telephone Number Account in the General Fund.*

24 (2) That portion of the prepaid MTS surcharge that is for the
25 Public Utilities Commission surcharges shall be deposited into the
26 Prepaid MTS PUC Account. *All moneys deposited in the Prepaid*
27 *MTS PUC Account shall be allocated and transferred to the*
28 *respective universal service funds, created pursuant to Chapter 1*
29 *(commencing with Section 270) of, and to the Public Utilities*
30 *Commission Utilities Reimbursement Account, created pursuant*
31 *to Chapter 2.5 (commencing with Section 401) of, Part 1 of*
32 *Division 1 of the Public Utilities Code.*

33 ~~(c) Moneys in the Prepaid MTS 911 Account and the Prepaid~~
34 ~~MTS PUC Account may be appropriated by the Legislature only~~
35 ~~for the purposes for which the moneys were collected. All moneys~~
36 ~~collected pursuant to this part shall be allocated only to the entities~~
37 ~~specified in this section and shall not be used for any other purpose,~~
38 ~~including, but not limited to, loans, transfers, or uses for any other~~
39 ~~purpose, fund, or account.~~

1 42024. This part shall remain in effect only until January 1,
2 2020, and as of that date is repealed, unless a later enacted statute,
3 that is enacted before January 1, 2020, deletes or extends that date.

4 ~~SEC. 11.~~

5 SEC. 9. Part 21.1 (commencing with Section 42100) is added
6 to Division 2 of the Revenue and Taxation Code, to read:

7
8 PART 21.1. LOCAL PREPAID MOBILE TELEPHONY
9 SERVICES COLLECTION ACT
10

11 42100. (a) This part shall be known and may be cited as the
12 Local Prepaid Mobile Telephony Services Collection Act.

13 (b) The Legislature finds and declares all of the following:

14 (1) Maintaining effective and efficient communications services,
15 911 emergency systems, communications-related public policy
16 programs to promote universal service, and various local programs
17 across the state benefit all persons with access to the
18 telecommunications system.

19 (2) Providers of end-use communications services, including
20 providers of mobile voice telecommunications services, which the
21 Federal Communications Commission terms mobile telephony
22 service, are required to collect and remit utility users taxes and
23 local 911 or access charges (local charges) imposed by over 150
24 cities and counties in California on end-users of such mobile
25 telephony services, as required by existing state or local law.

26 (3) Local charges on telecommunication services represent an
27 important source of tax revenue for many cities and counties and
28 are used to pay for such essential governmental services as public
29 safety, streets, parks, libraries, senior centers, and many more.

30 (4) Prepaid mobile telephony services are an important and
31 growing segment of the communications industry. Prepaid mobile
32 telephony services, unlike postpaid mobile telephony services, are
33 frequently sold by a third-party seller that is not the provider of
34 mobile telephony services, and collecting local charges from
35 prepaid consumers of mobile telephony services at the time of the
36 retail transaction is necessary and the most efficient and
37 competitively neutral means for the collection of those local
38 charges.

39 (5) The collection of prepaid mobile telephony services by
40 third-party sellers and the remittance of those local charges to the

board involves administrative costs and responsibilities that are unique to prepaid mobile telephony services, and therefore justify unique reimbursement and tax rate simplification measures, which are fair and reasonable.

(c) It is a matter of statewide concern that the local charges for local prepaid mobile telephony services be collected in a uniform manner in order for the collection to be fair and uniform on a statewide basis.

(d) It is the intention of the Legislature that this part shall preempt the provisions pertaining to the tax or charge rate, base, and method of collection contained in all local ordinances, rules, or regulations concerning the imposition of a local charge upon the consumption of prepaid mobile telephony services to the extent those provisions are inconsistent with the provisions of this part and Part 21 (commencing with Section 42001). It is not the intent of the Legislature to otherwise preempt, limit, or affect the general authority of local jurisdictions to impose a utility user tax, local 911 charge, or any other local charges.

42101. For purposes of this part, all of the following definitions shall apply:

~~(a) "Local agency" means a city, county, or city and county, which includes a charter city, county, or city and county.~~

~~(b)~~

(a) "Local charge" means the utility user taxes as described in Section 42102, and charges for access to communication services or to local "911" emergency telephone systems, as described in Section 42102.5.

~~(c)~~

(b) "Ordinance" refers to an ordinance of a *local jurisdiction* or local agency imposing a local charge, including any local enactment relating to the filing of a refund or a claim arising under the ordinance.

~~(d)~~

(c) "Board," "*direct seller*," "*local agency*," "local jurisdiction," "mobile telephony service," "person," "prepaid consumer," "~~Prepaid~~ "*prepaid* mobile telephony service," "prepaid MTS provider," ~~and~~ "prepaid MTS surcharge" and "*seller*" have the same meaning as those terms are defined in *Section 42004 of the Prepaid Mobile Telephony Services Surcharge Collection Act* (Part 21 (commencing with Section 42001)).

1 42101.5. (a) On and after January 1, 2016, a local charge
2 imposed by a local agency on prepaid mobile telephony services
3 shall be collected from the prepaid consumer by a seller at the
4 same time and in the same manner as the prepaid MTS surcharge
5 is collected under Part 21 (commencing with Section 42001) if,
6 on or before September 1, 2015, the local agency shall enter into
7 a contract with the board for the board to perform the functions
8 set forth in Section 42103. In the contract, the local agency shall:
9 (1) certify to the board that its ordinance applies its local charge
10 to prepaid mobile telephony services and that the local agency
11 agrees to indemnify, and hold and save harmless, the board, its
12 officers, agents, and employees for any and all liability for damages
13 that may result from collection pursuant to the contract; and, (2)
14 certify to the board the amount of the local 911 charge, as set out
15 in Section 42102.5, or the applicable tiered rate for a utility user
16 tax, as set out in Section 42102.

17 (b) In the event that a local agency adopts a new local charge
18 that is imposed on prepaid mobile telephony services after
19 September 1, 2015, the local agency shall enter into a contract
20 with the board to perform the functions set forth in Section 42103,
21 on or before December 1, with collection of the local charge to
22 commence April 1 of the next calendar year. In the contract, the
23 local agency shall certify to the board: (1) that its ordinance applies
24 its local charge to prepaid mobile telephony services and that the
25 local agency agrees to indemnify, and hold and save harmless, the
26 board, its officers, agents, and employees for any and all liability
27 for damages that may result from collection pursuant to the
28 contract; and, (2) the amount of the local 911 charge, as set out in
29 Section 42102.5, or the applicable tiered rate for a utility user tax,
30 as set out in Section 42102.

31 (c) In the event that a local agency increases its local charge
32 after September 1, 2015, the local agency shall provide the board
33 with written notice of the increased local charge on or before
34 December 1, with collection of the local charge to commence April
35 1 of the next calendar year.

36 (d) In the event that a local agency reduces or eliminates a local
37 charge on prepaid mobile telephony services, the local agency
38 shall provide the board with written notice pursuant to subdivision
39 (c) of Section 42010.

(e) Notwithstanding subdivision (a), through and including December 31, 2015, a prepaid MTS provider may elect to remit the local charge to the appropriate local taxing jurisdiction based on the applicable tax rate of Section 42102, Section 42102.5, or both, and those remittances shall be deemed to be in full compliance with the local ordinance imposing a local charge on prepaid mobile telephony service.

42102. (a) Notwithstanding any other law, on and after January 1, 2016, the authority of a city, county, or city and county, which includes a charter city, county, or city and county, to impose a utility user tax on the consumption of prepaid mobile telephony service in the city, county, or city and county at the rate as specified in an ordinance authorized pursuant to Section 7284.2 or any other law is suspended, and the utility user tax rate to be applied instead during the period under any ordinance as so adopted is the applicable of the following:

(1) In the case of a city, county, or city and county that has adopted an ordinance to impose a utility user tax on the consumption of prepaid communication services in the city, county, or city and county at the rate of less than 1.5 percent, the rate shall be 0 percent.

(2) In the case of a city, county, or city and county that has adopted an ordinance to impose a utility user tax on the consumption of prepaid communication services in the city, county, or city and county at the rate of 1.5 percent or more but less than 2.5 percent, the rate shall be 1.5 percent.

(3) In the case of a city, county, or city and county that has adopted an ordinance to impose a utility user tax on the consumption of prepaid communication services in the city, county, or city and county at the rate of 2.5 percent or more but less than 3.5 percent, the rate shall be 2.5 percent.

(4) In the case of a city, county, or city and county that has adopted an ordinance to impose a utility user tax on the consumption of prepaid communication services in the city, county, or city and county at the rate of 3.5 percent or more but less than 4.5 percent, the rate shall be 3.5 percent.

(5) In the case of a city, county, or city and county that has adopted an ordinance to impose a utility user tax on the consumption of prepaid communication services in the city, county,

1 or city and county at the rate of 4.5 percent or more but less than
2 5.5 percent, the rate shall be 4.5 percent.

3 (6) In the case of a city, county, or city and county that has
4 adopted an ordinance to impose a utility user tax on the
5 consumption of prepaid communication services in the city, county,
6 or city and county at the rate of 5.5 percent or more but less than
7 6.5 percent, the rate shall be 5.5 percent.

8 (7) In the case of a city, county, or city and county that has
9 adopted an ordinance to impose a utility user tax on the
10 consumption of prepaid communication services in the city, county,
11 or city and county at the rate of 6.5 percent or more but less than
12 7.5 percent, the rate shall be 6.5 percent.

13 (8) In the case of a city, county, or city and county that has
14 adopted an ordinance to impose a utility user tax on the
15 consumption of prepaid communication services in the city, county,
16 or city and county at the rate of 7.5 percent or more but less than
17 9 percent, the rate shall be 7.5 percent.

18 (9) In the case of a city, county, or city and county that has
19 adopted an ordinance to impose a utility user tax on the
20 consumption of prepaid communication services in the city, county,
21 or city and county at the rate of 9 percent or more, the rate shall
22 be 9 percent.

23 (b) Subdivision (a) is a self-executing provision that operates
24 without regard to any decision or act on the part of any city, county,
25 or city and county. A change in a utility user tax rate resulting
26 from either the suspension of, or the termination of the suspension
27 of, a utility user rate adopted by a city, county, or city and county
28 set forth in subdivision (a) is not subject to voter approval under
29 either statute or Article XIII C of the California Constitution.

30 (c) Notwithstanding subdivision (a), a city, county, or city and
31 county may levy, increase, or extend a utility user tax at any rate
32 on the consumption of communication services, including a utility
33 user tax on the consumption of prepaid mobile telephony service,
34 except that during the period on and after January 1, 2016, any
35 utility user tax rate on prepaid mobile telephony service under any
36 ordinance as so adopted shall be the applicable rate specified in
37 subdivision (a).

38 (d) On and after January 1, 2016, this part shall be all of the
39 following:

40 (1) The exclusive method for both of the following:

1 (A) Collecting the local utility user taxes, local 911 charges,
2 and any other local charges imposed on consumers using prepaid
3 mobile telephony services.

4 (B) Defining the scope of the tax or charge with respect to
5 prepaid mobile telephony services.

6 (2) ~~The~~ *For the taxation of prepaid mobile telephony services*
7 *only, the* complete substitute for the utility user tax rate set out in
8 the local ordinance with the applicable tiered rate as established
9 by the Legislature.

10 (3) This part shall not preempt, limit, or affect the general
11 authority of local jurisdictions to impose a utility user tax, local
12 911 charge, or any other local charges.

13 42102.5. (a) Notwithstanding any other law, on and after
14 January 1, 2016, the authority of a city, county, or city and county,
15 which includes a charter city, county, or city and county, to impose
16 a charge, that applies to prepaid mobile telephony service, for
17 access to communication services or access to local “911”
18 emergency telephone systems in the city, county, or city and county
19 at the rate as specified in an ordinance is suspended, and the rate
20 to be applied instead during that period under any ordinance as so
21 adopted is the applicable of the following:

22 (1) In the case of a city, county, or city and county that has
23 adopted an ordinance to impose a charge that applies to prepaid
24 mobile telephony service for access to communication services or
25 access to local “911” emergency telephone systems in the city,
26 county, or city and county at the rate of less than one dollar (\$1)
27 per month per access line, including any adjustments for inflation,
28 the rate shall be 0 percent.

29 (2) In the case of a city, county, or city and county that has
30 adopted an ordinance to impose a charge that applies to prepaid
31 mobile telephony service for access to communication services or
32 access to local “911” emergency telephone systems in the city,
33 county, or city and county at a specified percentage or at the rate
34 of one dollar (\$1) per month per access line, including any
35 adjustments for inflation, or more, the rate shall be the specified
36 percentage or the rate obtained by dividing the dollar amount by
37 50, rounded to the nearest one-tenth of 1 percent.

38 (b) Subdivision (a) is a self-executing provision that operates
39 without regard to any decision or act on the part of any city, county,
40 or city and county. A change in an access charge rate resulting

1 from either the suspension of, or the termination of the suspension
2 of, a charge adopted by a city, county, or city and county set forth
3 in subdivision (a) is not subject to voter approval under either
4 statute or Article XIII C of the California Constitution.

5 (c) Notwithstanding subdivision (a), a city, county, or city and
6 county may levy, increase, or extend a charge at any rate, that
7 applies to prepaid mobile telephony services, for access to
8 communication services or access to local “911” emergency
9 telephone systems in the city, county, or city and county, except
10 that during the period on and after January 1, 2016, any charge on
11 prepaid mobile telephony service under any ordinance as so
12 adopted shall be the applicable rate specified in subdivision (a).

13 42103. (a) The board shall perform all functions incident to
14 the collection of the local charges of ~~a city, county, or a city and~~
15 ~~county~~, *local jurisdiction or local agency* and shall collect and
16 administer the local charges in the manner prescribed for the
17 collection of the prepaid MTS surcharge in the Prepaid Mobile
18 Telephony Services Surcharge Collection Act (Part 21
19 (commencing with Section 42001)), subject to the limitations set
20 forth in Section 42105. For purposes of this part, the references in
21 the Fee Collection Procedures Law to “fee” shall include the local
22 charge imposed by this part, and references to “feepayer” shall
23 include a person required to pay the local charge imposed by this
24 part, which includes the seller.

25 (b) All local charges collected by the board shall be deposited
26 in the Local Charges for Prepaid Mobile Telephony Services Fund
27 which is hereby created in the State Treasury, and shall be held in
28 trust for the local taxing jurisdiction, and shall not be used for any
29 other purpose. Local charges shall consist of all taxes, charges,
30 interest, penalties, and other amounts collected and paid to the
31 board, less payments for refunds and reimbursement to the board
32 for expenses incurred in the administration and collection of the
33 local charges. The board shall transmit the funds to the local
34 jurisdictions periodically as promptly as feasible. The transmittals
35 required under this section shall be made at least once in each
36 calendar quarter. The board shall furnish a quarterly statement
37 indicating the amounts paid and withheld for expenses of the board
38 and subject to subdivision (e) of Section 42020.

(c) The board shall prescribe and adopt rules and regulations as may be necessary or desirable for the administration and collection of local charges and the distribution of the local charges collected.

(d) The board's audit duties under this part shall be limited to verification that the seller complied with this part.

(e) Subject to the confidentiality requirements of Sections 7284.6, 7284.7, and 19542, the board shall make available to a requesting local jurisdiction or local agency any information that is reasonably available to the board regarding the proper collection and remittance of a local charge of the local jurisdiction or local agency by a seller, including a direct seller.

~~(e)~~
(f) The board may contract with a third party for purposes of this part, solely in connection with the following board duties:

(1) To allocate and transmit collected local charges in the Local Charges for Prepaid Mobile Telephony Services Fund pursuant to subdivision (b) to the appropriate local jurisdictions.

(2) To audit proper collection and remittance of the local charge pursuant to this part.

(3) To respond to requests from sellers, consumers, boards, and others regarding issues pertaining to local charges that are within the scope of the board's duties.

~~(f)~~
(g) For purposes of this part, any third-party contract under subdivision (e) shall be subject to the following limitations:

(1) Any third party shall, to the same extent as the board, be subject to subdivision (b) of Section 55381, relating to unlawful disclosures.

(2) A third-party contract shall not provide, in whole or in part, in any manner a contingent fee arrangement as payment for services rendered. For purposes of this section, "contingent fee" includes, but is not limited to, a fee that is based on a percentage of the tax liability reported on a return, a fee that is based on a percentage of the taxes owed, or a fee that depends on the specific tax result attained.

(h) Except for sharing of information pursuant to subdivision (e), this section does not apply to direct sellers.

42105. (a) ~~The city, county, or city and county~~ local jurisdiction or local agency that has adopted an ordinance to

1 impose a local charge that applies to prepaid mobile telephony
2 service shall be solely responsible for:

3 (1) Defending any claim regarding the validity of the ordinance
4 in its application to prepaid mobile telephony service.

5 (2) Interpreting any provision of the ordinance, except to the
6 extent specifically superseded by this statute.

7 (3) Responding to any claim for refund by a customer arising
8 under subdivision (b), (c), or (d). The claim shall be processed in
9 accordance with the provisions of the local enactment that allows
10 the claim to be filed.

11 (4) Certifying that ~~the city, county, or city and county~~ *local*
12 *jurisdiction's or local agency's* ordinance applies the local charge
13 to prepaid mobile telephony services and agreeing to indemnify
14 and hold harmless the board, its officers, agents, and employees
15 for any and all liability for damages that may result from collection
16 of the local charge.

17 (5) Reallocation of local charges as a result of correcting errors
18 relating to the location of the point of sale of a seller or the known
19 address of a consumer, for up to two past quarters from the date
20 of knowledge.

21 (6) *Enforcement, including audits, of the collection and*
22 *remittance of local charges by direct sellers pursuant to the local*
23 *jurisdiction's or local agency's ordinance.*

24 (b) A consumer may rebut the presumed location of the retail
25 transaction to the city or county clerk of the local jurisdiction, as
26 provided in subdivision (b) of Section 42014, by filing a claim and
27 declaration under penalty of perjury on a form established by the
28 city or county clerk of the local jurisdiction *or local agency*
29 indicating the actual location of the retail sale. The claim shall be
30 processed in accordance with the provisions of the local enactment
31 that allows the claim to be filed.

32 (c) A consumer that is exempt from the local charge under the
33 local enactment may file a claim for a refund from the local
34 jurisdiction *or local agency* in accordance with the refund
35 provisions of the local enactment that allows the claim to be filed.

36 (d) In connection with any actions or claims relating to or arising
37 from the invalidity of a local tax ordinance, in whole or in part,
38 the seller shall not be liable to any consumer as a consequence of
39 collecting the tax. In the event a local jurisdiction *or local agency*
40 is ordered to refund the tax, it shall be the sole responsibility of

1 the local jurisdiction *or local agency* to refund the tax. In any
2 action seeking to enjoin collection of a local charge by a seller, in
3 any action seeking declaratory relief concerning a local charge, in
4 any action seeking a refund of a local charge, or in any action
5 seeking to otherwise invalidate a local charge, the sole necessary
6 party defendant in the action shall be the local jurisdiction *or local*
7 *agency* on whose behalf the local charge is collected, and the seller
8 collecting the local charge shall not be named as a party in the
9 action. There shall be no recovery from the state for the imposition
10 of any unconstitutional or otherwise invalid local charge that is
11 collected pursuant to this part.

12 42106. (a) For purposes of this section:

13 (1) “Quarterly local charges” means the total amount of local
14 charges transmitted by the board to a city, county, or city and
15 county for a calendar quarter.

16 (2) “Refund” means the amount of local charges deducted by
17 the board from a city’s, county’s, or city and county’s quarterly
18 local charges in order to pay the city’s, county’s, or city and
19 county’s share of a local charge refund due to one taxpayer.

20 (3) “Offset portion” means that portion of the refund which
21 exceeds the greater of fifty thousand dollars (\$50,000) or 20 percent
22 of the city’s, county’s, or city and county’s quarterly local charges.

23 (b) Except as provided in subdivision (c), if the board has
24 deducted a refund from a city’s, county’s, or city and county’s
25 quarterly local charges which includes an offset portion, then the
26 following provisions apply:

27 (1) Within three months after the board has deducted an offset
28 portion, the city, county, or city and county may request the board
29 to transmit the offset portion to the city, county, or city and county.

30 (2) As promptly as feasible after the board receives the city’s,
31 county’s, or city and county’s request, the board shall transmit to
32 the city, county, or city and county the offset portion as part of the
33 board’s periodic transmittal of local charges.

34 (3) The board shall thereafter deduct a pro rata share of the
35 offset portion from future transmittals of local charges to the city,
36 county, or city and county over a period to be determined by the
37 board, but not less than two calendar quarters and not more than
38 eight calendar quarters, until the entire amount of the offset portion
39 has been deducted.

1 (c) The board shall not transmit the offset portion of the refund
2 to the city, county, or city and county if that transmittal would
3 reduce or delay either the board's payment of the refund to the
4 taxpayer or the board's periodic transmittals of local charges to
5 other cities, counties, or city and county.

6 ~~42107. The city, county, or city and county shall pay to the~~
7 ~~board its costs of preparation to administer and collect local~~
8 ~~charges. The city, county, or city and county shall pay costs~~
9 ~~monthly as are incurred and billed by the board. The costs include~~
10 ~~all preparatory costs, including costs of developing procedures,~~
11 ~~programming for data processing, developing and adopting~~
12 ~~appropriate regulations, designing and printing of forms,~~
13 ~~developing instructions for the board's staff and for taxpayers, and~~
14 ~~other necessary preparatory costs which shall include the board's~~
15 ~~direct and indirect costs as specified by Section 11256 of the~~
16 ~~Government Code. Any disputes as to the amount of preparatory~~
17 ~~costs incurred shall be resolved by the Director of Finance, and~~
18 ~~his or her decision shall be final.~~

19 *42107. A local jurisdiction or local agency shall pay to the*
20 *board its pro rata share of the board's cost of collection and*
21 *administration as established pursuant to subdivision (e) of Section*
22 *42020.*

23 42109. The board shall annually prepare a report showing the
24 amount of both reimbursed and unreimbursed costs incurred by it
25 in administering the collection of local charges pursuant to this
26 part.

27 42110. (a) Notwithstanding Section 55381, it is unlawful for
28 any person, other than an officer or employee of a county, city and
29 county, city, or district, who obtains access to information
30 contained in, or derived from, prepaid mobile telephony services
31 surcharge and local charge records of the board pursuant to
32 subdivision (b), to retain that information after that person's
33 contract with the county, city and county, city, or district has
34 expired.

35 (b) (1) When requested by resolution of the legislative body of
36 any county, city and county, city, or district, the board shall permit
37 any duly authorized officer or employee of the county, city and
38 county, city, or district, or other person designated by that
39 resolution, to examine all of the prepaid mobile telephony services
40 surcharge and local charge records of the board pertaining to the

1 ascertainment of those prepaid mobile telephony services surcharge
2 and local charges to be collected for the county, city and county,
3 city, or district by the board pursuant to contract entered into
4 between the board and the county, city and county, city, or district
5 pursuant to this part. Except as otherwise provided in this section,
6 this subdivision does not allow any officer, employee, or other
7 person authorized or designated by a county, city and county, city,
8 or district to examine any sales or transactions and use tax records
9 of any taxpayer. The costs that are incurred by the board in
10 complying with a request made pursuant to this subdivision shall
11 be deducted by the board from those revenues collected by the
12 board on behalf of the county, city and county, city, or district
13 making the request.

14 (2) The resolution of the legislative body of the county, city and
15 county, city, or district shall certify that any person designated by
16 the resolution, other than an officer or employee, meets all of the
17 following conditions:

18 (A) Has an existing contract with the county, city and county,
19 city, or district to examine those prepaid mobile telephony services
20 surcharge and local charge records.

21 (B) Is required by that contract to disclose information contained
22 in, or derived from, those prepaid mobile telephony services
23 surcharge and local charge records only to an officer or employee
24 of the county, city and county, city, or district who is authorized
25 by the resolution to examine the information.

26 (C) Is prohibited by that contract from performing consulting
27 services for a seller during the term of that contract.

28 (D) Is prohibited by that contract from retaining the information
29 contained in, or derived from, those prepaid mobile telephony
30 services surcharge and local charge records, after that contract has
31 expired.

32 (3) Information obtained by examination of board records
33 pursuant to this subdivision shall be used only for purposes related
34 to the collection of the prepaid mobile telephony services surcharge
35 and local charges by the board pursuant to the contract, or for
36 purposes related to other governmental functions of the county,
37 city and county, city, or district set forth in the resolution.

38 (c) If the board believes that any information obtained pursuant
39 to subdivision (b) has been disclosed to any person not authorized
40 or designated by the resolution of the legislative body of the county,

1 city and county, city, or district, or has been used for purposes not
2 permitted by subdivision (b), the board may impose conditions on
3 access to its local charge records that the board considers
4 reasonable, in order to protect the confidentiality of those records.

5 (d) Predecessors, successors, receivers, trustees, executors,
6 administrators, assignees, and guarantors, if directly interested,
7 may be given information as to the items included in the measure
8 and amounts of any unpaid local charges or amounts of local
9 charges required to be collected, interest, and penalties.

10 42111. This part shall remain in effect only until January 1,
11 2020, and as of that date is repealed, unless a later enacted statute,
12 that is enacted before January 1, 2020, deletes or extends that date.

13 *SEC. 10. (a) For purposes of this section the following terms*
14 *have the following meanings:*

15 (1) *“Local charges” has the same meaning as defined in Section*
16 *42101 of the Revenue and Taxation Code.*

17 (2) *“Prepaid MTS collection acts” mean the Prepaid Mobile*
18 *Telephony Services Surcharge Collection Act (Part 21*
19 *(commencing with Section 42001) of Division 2 of the Revenue*
20 *and Taxation Code) and the Local Prepaid Mobile Telephony*
21 *Services Collection Act (Part 21.1 (commencing with Section*
22 *42100) of Division 2 of the Revenue and Taxation Code) and the*
23 *related implementing statutes found in Sections 1, 2, 5, and 7 of*
24 *this act that will repeal as of January 1, 2020, unless extended by*
25 *the Legislature.*

26 (3) *“Prepaid MTS surcharge” has the same meaning as defined*
27 *in Section 42004 of the Revenue and Taxation Code.*

28 (b) *To assist the Legislature in determining whether to extend*
29 *the prepaid MTS collection acts beyond their repeal date of*
30 *January 1, 2020, the State Board of Equalization, by no later than*
31 *July 1, 2017, shall prepare both of the following:*

32 (1) *A report identifying, for the 2016 calendar year, the actual*
33 *revenues collected by the board through the prepaid MTS*
34 *surcharges and local charges, the number of sellers remitting*
35 *prepaid MTS surcharges and local charges, including the number*
36 *of individual seller locations remitting local charges pursuant to*
37 *the prepaid MTS collection acts, and the board’s actual costs of*
38 *implementation of the prepaid MTS collection acts.*

39 (2) *A revised estimate, for the 2017, 2018, and 2019 calendar*
40 *years, of the annual revenues to be collected by the board through*

1 *the prepaid MTS surcharges and local charges and the board's*
2 *annual cost of implementation of the prepaid MTS collection acts*
3 *for each of those calendar years, including any other significant*
4 *anticipated change in revenues or board implementation costs if*
5 *the acts are extended beyond their repeal date of January 1, 2020.*

6 *(c) Subdivision (b) only applies to those remittances that are*
7 *required to be remitted to the board pursuant to the prepaid MTS*
8 *collection acts.*

9 ~~SEC. 12. The~~

10 *SEC. 11. (a) For purposes of this section, the following terms*
11 *have the following meanings:*

12 *(1) "Local charges" has the same meaning as defined in Section*
13 *42101 of the Revenue and Taxation Code.*

14 *(2) "Prepaid MTS collection acts" mean the Prepaid Mobile*
15 *Telephony Services Surcharge Collection Act (Part 21*
16 *(commencing with Section 42001) of Division 2 of the Revenue*
17 *and Taxation Code) and the Local Prepaid Mobile Telephony*
18 *Services Collection Act (Part 21.1 (commencing with Section*
19 *42100) of Division 2 of the Revenue and Taxation Code) and the*
20 *related implementing statutes found in Sections 1, 2, 5, and 7 of*
21 *this act that will repeal as of January 1, 2020, unless extended by*
22 *the Legislature.*

23 *(3) "Prepaid MTS surcharge" has the same meaning as defined*
24 *in Section 42004 of the Revenue and Taxation Code.*

25 *(b) The repeal of any provision of ~~Part 21 (commencing with~~*
26 *~~Section 42001), and Part 21.1 (commencing with Section 42100),~~*
27 *~~of Division 2 of the Revenue and Taxation Code, the prepaid MTS~~*
28 *collection acts shall not affect the billing or collection of the*
29 *prepaid MTS surcharge, the calculation, billing, or collection of*
30 *a pro-rata deficiency pursuant to Section 41033 of the Revenue*
31 *and Taxation Code, the liability—of for which accrued prior to*
32 *January 1, ~~2019~~, 2020, the making of any refunds and effecting*
33 *of any credits, the disposition of money collected, nor shall the*
34 *repeal affect any act done or any right accruing or accrued, or any*
35 *suit or proceeding had or commenced in any civil cause, before*
36 *that repeal; but all rights and liabilities under that law shall*
37 *continue, and may be enforced in the same manner, as if the repeal*
38 *had not been made.*

1 ~~SEC. 13.~~

2 *SEC. 12. The Legislature finds and declares that the law in*
3 *effect prior to the imposition of the prepaid MTS surcharge as a*
4 *result of the enactment of this act is the subject of ongoing and*
5 *potential litigation. No inference shall be drawn from the enactment*
6 *of this act with respect to any remittance requirements of a prepaid*
7 *MTS provider pursuant to the law as it existed prior to the*
8 *enactment of this act. Additionally, nothing in this act shall affect*
9 *any remittance requirements of a prepaid mobile telephony services*
10 *provider for any service other than prepaid mobile telephony*
11 *services. Nothing in this act shall affect the federal remittance*
12 *requirements of a prepaid mobile telephony services provider.*

13 ~~SEC. 14.~~

14 *SEC. 13. It is the intent of the Legislature that the remittance*
15 *obligations of a prepaid mobile telephony services provider,*
16 *relating to emergency telephone users surcharge and any charges*
17 *imposed by the Public Utilities Commission pursuant to Chapter*
18 *2.5 (commencing with Section 401) of Part 1 of Division 1 of the*
19 *Public Utilities Code or for purposes of the universal services*
20 *programs, shall remain applicable for each of the following:*

21 (a) *The collection of surcharges, the liability for which accrued*
22 *prior to January 1, 2016.*

23 (b) *The making of any refunds and the effecting of any credits*
24 *for payments made on claims of liability that accrued prior to*
25 *January 1, 2016.*

26 (c) *The disposition of money collected on any liability that*
27 *accrued prior to January 1, 2016.*

28 (d) *The commencement of any action or proceeding pursuant*
29 *to the Public Utilities Act (Part 1 (commencing with Section 201)*
30 *of Division 1 of the Public Utilities Code).*

31 *SEC. 14. The provisions of this act are severable. If any*
32 *provision of this act or its application is held invalid, that invalidity*
33 *shall not affect other provisions or applications that can be given*
34 *effect without the invalid provision or application.*

35 *SEC. 15. (a) Section 5.5 of this bill incorporates amendments*
36 *to Section 41030 of the Revenue and Taxation Code proposed by*
37 *both this bill and Senate Bill 1211. It shall only become operative*
38 *if (1) both bills are enacted and become effective on or before*
39 *January 1, 2015, but this bill becomes operative first, (2) each bill*
40 *amends Section 41030 of the Revenue and Taxation Code, and (3)*

1 *this bill is enacted after Senate Bill 1211, in which case Section*
2 *41030 of the Revenue and Taxation Code, as amended by Section*
3 *5 of this bill, shall remain operative only until the operative date*
4 *of Senate Bill 1211, at which time Section 5.5 of this bill shall*
5 *become operative.*

6 *(b) Sections 5 and 5.5 of this bill would amend Section 41030*
7 *of the Revenue and Taxation Code and would repeal that section*
8 *on January 1, 2020. Section 6 of this bill would add Section 41030*
9 *to the Revenue and Taxation Code as it read prior to its amendment*
10 *by either Section 5 or 5.5 of this bill. Section 6.5 of this bill*
11 *incorporates amendments to Section 41030 of the Revenue and*
12 *Taxation Code proposed by Senate Bill 1211. Section 6.5 shall*
13 *only become operative if (1) both bills are enacted and become*
14 *effective on or before January 1, 2015, (2) each bill amends Section*
15 *41030 of the Revenue and Taxation Code, and (3) this bill is*
16 *enacted after Senate Bill 1211, in which case Section 6 of this bill*
17 *shall not become operative.*

18 ~~SEC. 15.~~

19 *SEC. 16.* No reimbursement is required by this act pursuant to
20 Section 6 of Article XIII B of the California Constitution because
21 the only costs that may be incurred by a local agency or school
22 district will be incurred because this act creates a new crime or
23 infraction, eliminates a crime or infraction, or changes the penalty
24 for a crime or infraction, within the meaning of Section 17556 of
25 the Government Code, or changes the definition of a crime within
26 the meaning of Section 6 of Article XIII B of the California
27 Constitution.

28 ~~SEC. 16.~~

29 *SEC. 17.* This act is an urgency statute necessary for the
30 immediate preservation of the public peace, health, or safety within
31 the meaning of Article IV of the Constitution and shall go into
32 immediate effect. The facts constituting the necessity are:

33 In order to provide a standardized collection mechanism as soon
34 as possible by which state and local charges are collected from
35 end-users of prepaid mobile telephony services, thereby permitting
36 needed financial support for programs necessary to serve the public
37 or telecommunications users, it is necessary that this act take effect
38 immediately.

O